Saturday Night

Canada's Magazine of Business and Contemporary Affairs

FEBRUARY 1ST 1958 20 CENTS

Toronto Exchange In Losing Battle With Skulduggery

BY R. M. BAIDEN

Let's Not Panic On Canadian Education

BY C. H. SAVAGE

Playground Of Danger In The Middle East

BY MAXWELL COHEN

Small Investors Invade Real Estate

BY JAMES FIELDEN

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Anniversary for a Poet: Dr. E. J. Pratt: Page 14

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Features:

Toronto Stock Exchange Battles Skulduggery
by R. M. Baiden, 7

Let's Not Panic on Canadian Education
by C. H. Savage, 8

Middle East, Playground of Danger
by Maxwell Cohen, 12

Poet's Anniversary: Dr. E. J. Pratt
by Mary Lowrey Ross, 14

Departments:

Letters, 2
Ottawa Letter, 4
Travel, 16
Books, 22
Gold & Dross, 26
Taxes, 32
Editorials, 40

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C. H. Savage

The Russians have been doing a lot of tub-thumping recently about the alleged excellence of their educational system. How good is it? We don't know, but what we do know is how good our own system is. The article on page 8 will be required reading for everyone connected in any way with Canadian education. Mr. Savage, a graduate of Bishops University, has been a teacher and principal, writer on education and was Superintendent of the Protestant Schools of the City of Westmount.

R. M. Baiden

A wave of stock brokerage irregularities has swept over the Canadian securities business in recent months. Now, prodded by rising public indignation and probing investigations by the Ontario Securities Commission, the Toronto Stock Exchange has brought out a new set of rules. Together with the Canadian Stock Exchange in Montreal, the TSE says it will give proposed new promotional deals a long, hard look before they get an OK. R. M. Baiden, SATURDAY NIGHT's business editor, gives the new rules a long, hard look on page 7.

Maxwell Cohen

There is a deadly irony, says Professor Cohen, in the historic accident that the crossroads of the world—the Middle East—could become its graveyard. The Soviet has already established a foothold and is in a position to make further trouble; what can the free world do in reply? Since oil and bases and turmoil are of deep concern to us all, it is time we tried to bring to bear perhaps even a Canadian initiative on some of these critical issues. See page 12.

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Letters

Further Tribute

It was with the warmest appreciation and concurrence that I read Robertson Davies review in SATURDAY NIGHT of Edwin C. Guillet's newest work *Pioneer Inns and Taverns.*

I have yet to see a copy but I am very familiar with Mr. Guillet's other writings; in fact I am greatly in his debt for the amazing work he has done in the field of Canadian historical research. I think it is safe to say that no other single individual has worked so diligently under more difficult circumstances nor has anyone preserved a greater volume of important data for posterity.

With Mr. Davies I have long wondered why Guillet has not received the recognition he deserves, let alone acclaim, and I welcome the opportunity to associate myself with his warm hearted tribute.

MONTREAL — MERRILL DENISON

Tabloid's Joyce

Thanks very much for your article by Mary Ross about Joyce Davidson. To me this proves that TV can be, when presented with taste and imagination, and when sympathetically examined by a sensitive writer, proper adult entertainment. I don't mind your writing about TV when the pieces are kept on the right level.

TORONTO — ALICE WRIGHT

. . . "She unwittingly stole the show from Mansfield". I saw that program and the word "unwittingly" is one of the biggest horse-laughs of the century. Most people can recognize rat-poison when they see it.

AGINCOURT — R. F. BARNWELL

. . . I am glad to see that the Tabloid people had the courtesy to acknowledge on their program your graceful piece about Joyce Davidson. . .

NEWMARKET — K. B. RONALDSON

Short Selling

Mr. Wallace's article on "How to Make Money When Stocks Go Down" is one of the finest pieces of financial writing that I have read in some time. It combines technical knowledge with simplicity of explanation; it should be read by everyone who does any trading on any exchange. I have read SATURDAY NIGHT since the days when it was the best financial paper in Canada and in my opinion it is rapidly regaining that position.

MONTREAL — WEBSTER ARNOLD

. . . What are you trying to do? It is bad enough when a bull market lures in the poor little suckers. But if they ever attempt short selling where the sky's the limit on losses it will be just suicidal.

BRAMPTON — J. J. ELMORE

"How to Make Money" Ha-Ha! What the stock exchanges need today is more regulation not less. There is still too much skulduggery afoot and the dice are often loaded against buyers.

HAMILTON — LEWIS OWEN

Editor's note: For some recent examples of skulduggery and what is being done about it in Toronto, *see Page 7.*

Merchant Marine

Mr. William Sclater makes some rather extraordinary observations in his article "Our Merchant Marine Sold Down the River". For instance I am quite at a loss to know what he means when he refers to the Canadian National Steamships strike as a "bureaucratic squabble over seafarers' wages."

Who has been "bureaucratic"? A careful and objective examination of the company's position in this dispute will show that we have been tolerant in the extreme in our efforts to settle the strike. A conciliation board recommended a 10 per cent wage increase for the seamen. The Company immediately agreed to this, and in the face of an adamant attitude by the union, later offered 15 per cent. The decision to transfer the registry of the eight C.N.S. ships to Trinidad was only taken after prolonged negotiations, after the strike had dragged on for more than four months, and after the SIU had neglected to extend the courtesy of even replying to our final wage offer. Under the circumstances, I am unable to see anything "bureaucratic" about our actions.

The transfer in registry was made in an effort — as yet unsuccessful — to get the ships back into service. At the time of the transfer, we explained that the new crews would receive higher wages than are paid by British and Norwegian ships competing in the same service. It is hard to reconcile this announcement with Mr. Sclater's suggestion that our policy was based on the thesis that "colored seamen are not entitled to the same wages paid to white seamen" or that we were trying to "pay the lowest possible scale of wages to foreign seamen."

I do not intend to go into the question of whether the government should or

should not subsidize a Canadian merchant marine. But the statement made by Transport Minister George Hees in the House of Commons November 11th should be noted. He pointed out that the taxpayers of Canada would have been obliged to pay an annual deficit of nearly $450,000 a year on the operations of the C.N.S. West Indies service if the demands of the SIU were to be met. This is rather in excess of Mr. Sclater's estimate of $200,000.

When Hal C. Banks came to Canada in 1949 to take over the direction of the SIU's Canadian operations, there were 145 deep-sea dry cargo ships operating under Canadian registry. In 1951 there were only 65 ships. By 1954 the number had dwindled to 32. In 1956 there were 11. Today there are only three and these are not in competitive trade.

MONTREAL W. R. WRIGHT

Director of Public Relations
Canadian National Railways

"Crashworthy" Cars

. . . As your article suggests many fatal crashes could be survived and there is a great need for reliable statistical data in the circumstances surrounding such accidents. It might pay the insurance firms to employ trained investigators and publish the findings from time to time.

An informed public could bring about improved driving techniques, better road conditions and more sensible rules. In this age of miracles, who knows, it might even be possible to persuade the manufacturers to replace some stylists with design engineers and produce a more "crashworthy" car.

SCHOMBERG, ONT. R. D. HISCOCKS

On Growing Older

Bergen Evans makes a king size goof in his "quiz" with the extraordinary statement that "If every human being who ever lived had died at the age of forty, the stock of the world's wisdom would be little diminished".

Someone ought to tell him (very gently) all about Socrates, St. Paul, Newton, Einstein, Voltaire, Marx, Shaw, Russell . . . If you could spare me a couple of pages in your next issue I might be able to complete the list.

N. BURNABY, BC REG MCREYNOLDS

Present Peril

Let our scientists forget about Sputniks, Mutniks, Space Travel and such, until they have solved the most common of all common problems in a common world—The Common Cold. ah - Ah - AH - CHOO.

PORT ARTHUR J. H. MCLENNAN

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Margot Lavelle, Age 11, France,

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Ottawa Letter

by John A. Stevenson

Middle-of-the-Road Policies

THE FOURTH National Convention of the Liberal party fulfilled the predictions of the political soothsayers that it would choose Lester Pearson as its federal leader by a decisive majority and revise its program on cautious lines.

The chief interest lay in the contest for the leadership, which lay between Mr. Pearson and Mr. Martin, as neither of the two obscure "Dark Horses" were regarded as serious competitors and the result was never in much doubt. Mr. Pearson had as his chief assets the support of most of the influential figures in the Liberal party, his prestige as a winner of a Nobel prize for peace through his great services to this cause in the international arena and a large fund of personal popularity throughout the country. On his side Mr. Martin had the advantages of longer experience in parliament, greater familiarity with domestic problems, closer contact with the Liberal machine and complete fluency in both English and French.

Mr. Pearson contented himself with appealing for support in a few public speeches, but Mr. Martin not only was an assiduous personal canvasser for votes, but organized a band of zealous devotees, who worked hard for him. But he and his supporters overplayed their hands and the revelation that some of the latter were exploiting the tragic fate of the late Herbert Norman to brand Mr. Pearson as a dangerous protector of sinister communists alienated not a few delegates. Anyhow the balloting disclosed that Mr. Pearson, polling 1,074 votes against Mr. Martin's 305, had been favored by a majority of the delegates from every province. The hopes of Mr. Martin that as a French-Canadian he would secure the votes of most of his racial compatriots among the delegates were not realized as a substantial majority felt that the leadership of an English-speaking protestant offered the best chance of a speedy restoration of the party's fortunes and also that it would be unwise to break the tradition that the headship of the party should be held alternately by a representative of one of the basic racial stocks.

Furthermore it was believed that Mr. Pearson had the blessings of Mr. St. Laurent, whose moving farewell speech was one of his best efforts and evoked an ovation, which must have given him heartening proof that he enjoyed the deep respect and warm affection of his party.

So Mr. Pearson assumes the leadership of the Liberal party with its rank firmly closed behind him and his primary task will be to demonstrate to the Canadian people that he is something more than an

Leader Pearson: With blessings.

expert specialist in international affairs and that he has a good grasp of domestic problems like trade, employment, power, the cost of living and grain marketing, and can build an efficient organization.

The revised Liberal program does not break much new ground and there were bitter complaints from young malcontents among the delegates that what they called "The Old Gang" had applied a restraining hand to any bold adventures in radicalism. But the framers of the program were in a dilemma, because the Diefenbaker ministry is not a normal Tory administration and since it took office, has given distinct evidence of leftist tendencies, which must be making many former Tory leaders turn in their graves.

If the Liberal party had elected to challenge these tendencies, it would face the accusation that it had become reactionary and if it took a dive further leftward, it would be charged with adopting the socialist principles of the CCF.

However, the contents of the new program indicate that the Liberals intend to make trade and unemployment the chief issues of the next election. Sympathetic consideration is promised for Mr. Thorneycroft's plan for the gradual removal of all barriers to trade between Canada and Britain and, while this commitment is bound to alarm a number of our manufacturers, it might win votes among the farmers and in the mining and lumbering communities. There are also pledges to improve and broaden the system of social security, to ensure full employment, to protect the public from exploitation by combines and other interests and to give the provinces a fair deal in taxation.

But an analysis of the new program leaves the impression that there are only fine shades of difference between its proposals and the current prescriptions of the Progressive Conservative party for the solution of our problems. So the deciding factor in the next election may well be the appeal which the contrasting personalities of Mr. Diefenbaker and Mr. Pearson make to the voters.

The achievement of the Liberal Party in setting its house in order at a national convention will have an important impact upon the parliamentary situation. Hitherto during the current session the CCF have been much more aggressive critics of the Government but the Liberals will now begin to demonstrate to the public that they are the party best equipped to provide the country with an alternative administration and for this purpose they will adopt more militant tactics and will be much less afraid of taking the risk of defeating the Government.

Our ministers have good reason for their regrets that the International Postal Congress, which occupied the Parliament Buildings, and the visit of Queen Elizabeth combined to prevent them from summoning the new Parliament early in September, passing the legislation necessary to implement pledges given during the election and appealing to the voters for the mandate of a clear majority before there was a serious onset of winter's rigors. Certain ministers are said now to be of two minds about the desirability of an early second election. An unkind fate has confronted them with the problems created by a distinct economic recession which is growing worse every week and, although the charge that they are responsible for it is unfair, it will be pressed home by all the parties in Opposition and will be accepted as valid by numerous victims of the recession.

Moreover the predictions of economic experts in the United States that their country is headed for a serious recession are being confirmed by figures which show that the indices for production, income

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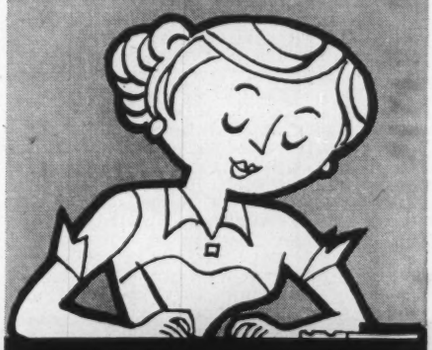

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and profits have all been sagging downward and that in December, the number of unemployed had mounted to between 3,500,000 and 4,000,000, which would be the highest figure since December, 1949. Such an economic setback south of the border cannot fail to curtail the American demand for Canadian products and will strengthen the hands of the protectionist elements in the U.S. Congress who have been clamoring for higher tariffs on minerals like lead and zinc and on fish. Indeed the news that President Eisenhower cannot find a single Republican member of the Ways and Means committee of the House of Representatives willing to sponsor his measure for a five-year extension and an enlargement of his authority to negotiate concessions in tariffs and trade makes it very dubious whether he can secure the endorsement of Congress for his program, because many Democratic politicians have become protectionists.

If his authority for negotiations about trade, which expires on June 30, is not renewed or is seriously curtailed, then the way will be paved for the protectionist forces at Washington to inflict considerable damage upon Canada's export trade to the United States. Speeches of Mr. Martin and Mr. Pickersgill indicate that the Liberals are going to make free use of the argument that Mr. Diefenbaker's plan for diverting 15% of Canada's purchases from her "best customer", the United States is a most dangerous proposal, because it threatens a disturbance of highly profitable trade relations with the United States, which had been established by Liberal Ministers, and that it would be advisable to replace the Liberals in power before further damage to Canadian prosperity is done.

Mr. Diefenbaker is credited with being still eager for an early election and believing that he can base a request for a dissolution on the ground that the persistent barrage of questions directed at Ministers can be constructed as deliberate obstruction, which hampers the disposal of Parliament's business. But for the refutation of this thesis the Opposition can argue plausibly that rarely in our political history has such a large volume of legislation had a comparatively smooth passage in a few months. Moreover some of the Cabinet must be apprehensive that if the recession, as appears probable, grows worse in the next two months, it will create a political climate which might upset the predictions of the latest Gallup poll that a second election would give the Progressive-Conservative party a clear majority in the Commons. So the Cabinet might well decide that the wiser course would be to hold on to office in the hope that forecasts of an upward recovery for business in the United States in the second half of the year prove accurate and that the upturn will be duplicated in Canada.

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Annual Meeting of Shareholders
THE ROYAL BANK OF CANADA

James Muir declares Electors and Government jointly responsible with Business and Labour in curbing inflation

Creation of new financial institution suggested to fill need for more adequate long term export financing.

Although the round-robin of cost and price rises is undoubtedly an inflationary factor, even the best intentions on the part of both labour and management cannot long resist an inflationary environment created by excess spending through errors or inefficiency of monetary and fiscal management, declared James Muir, Chairman and President of The Royal Bank of Canada in his address at the bank's annual meeting in Montreal on Thursday, January 9th. "In such a situation, wages would rise even without trade unions to press for them," said Mr. Muir. "The employer finds that to increase production in response to rising demands, he must bid for labour at a higher price. He may often find it necessary to raise prices, but these higher prices can be paid only because the original inflationary environment makes it possible for his customers to pay them. Under these conditions, wages and profits rise together, but they are symptoms rather than the cause of inflation.

"However, once the circle is broken, by effective monetary and fiscal policy, mutual restraint is clearly in order. Profits fall first and unions might well at this point temper the wind to the shorn lamb. In fact, if we are to obtain not merely full employment and growth, but stability as well, the exercise of restraint in making demands must become the responsibility not only of labour and business, but of electorate and gevernment as well."

FREE EXCHANGE RATE

Mr. Muir mentioned that among the 'built-in stabilizers' of the economy is Canada's free foreign exchange rate, and pointed out that in the absence of flexible price levels and with a domestic fiscal policy geared to 'full employment', the floating exchange rate provides the only mechanism of adjustment, other than rigid exchange controls, to the ever-changing requirements for equilibrium in Canada's international accounts. "It is sometimes argued that the investment flow covers our trade deficit," said Mr. Muir, "and that any stoppage of this flow would be disastrous. But we should remember first that a large part of our imports are the result of the inflow of investment funds; and, second, that, should foreign investment (and investment-induced imports) fall off, our flexible exchange rate provides an automatic device for adjusting any deficit remaining in our trade in goods and services with the outside world."

HELP FOR EXPORTERS

Mr. Muir pointed out that deserving businessmen seeking export markets may be hampered by inadequate export financing compared with that available to their foreign competitors. "As matters stand at the moment," he explained, "we have an absurd situation. A Canadian industry, for example, obtains an order from abroad amounting to millions of dollars and the Export Credits Insurance Corporation guarantees to any lender the repayment of this paper over a period of years. However, when the exporter considers his own financing, we have no device within this country suitable to his needs.

"What he requires is the discount of paper maturing over a period of years or a term loan for a similar period secured by that paper. During a period of tight money, the chartered banks do not have available in any quantity funds for this purpose. The result has been that some of our Canadian corporations have had to go outside the country to arrange their credit requirements with non-Canadian banks. We have actually seen cases in which the absurdity arises that a Canadian bank is asked to lend its customer money which he, in turn, deposits with a non-Canadian bank to facilitate that foreign bank's lending operations.

"I would like to suggest that a consortium of Canadian banks, Canadian exporters, and perhaps other interests, should consider the formation of a company with power to discount commercial paper covering the kind of long-term export transactions which I have here described."

BROADER MONEY MARKET

Four years ago, Mr. Muir recalled, he had mentioned that it might be worth while to investigate the possibilities of a short-term money market in Canada. "Such a market," he said, "did come into being about six months later. We should now study the possibilities of broadening the base of our money market. As of now, the only instruments available for use within this market are Government Treasury Bills and government bonds with a maturity not exceeding three years. What I have particularly in mind is a study of possible steps to achieve the stature of a real money market, that is, a market that would include commercial paper in the form of banker's acceptances."

SMALL BORROWER NOT NEGLECTED

"Generally speaking, banks are in position to take care of the legitimate needs of all credit-worthy small to moderate borrowers," said Mr. Muir. "In the past few months, however, there has been a great todo about scarcity of credit for this sector of our economy; and government authorities have apparently become exercised about it. Frankly, I am baffled when I read of these things and I cannot escape the impression that the whole case must be grossly exaggerated, or that, perhaps without realizing it, we may be witnessing an evolution in this field. It may be that a fundamental change is taking place in our economy and that the small merchant is experiencing something that credit cannot help. There is some evidence not only that sales outlets are becoming more and more concentrated, but that sales and production units are developing an increasingly close relationship with one another.

"From the inception of the tight money policy, your bank has made it clear by word of mouth and by repeated written communications to all of our branches that they were still required to deal sympathetically with applications for personal and small business loans.

"In spite of our lending policy there has been a reduction not only in the number of borrowers but a substantial reduction as well in the amount borrowed in this particular field. As far as this bank is concerned, the credit facilities have been available, our Managers have known of this policy, and yet it would seem that small borrowers have not taken advantage of their opportunities to obtain credit."

ASSETS OVER $3¾ BILLION

K. M. Sedgewick, General Manager, noted that not only had the assets of the Royal Bank reached the imposing total of $3,760,544,617, but that mortgages under the National Housing Act had increased by more than $30,000,000, reaching a figure of $216,590,000 which represents approximately 38% of the total for all Canadian banks. Mr. Sedgewick reported the year's net profits at $13,919,550, an increase of 11.6% over the previous year, and that capital funds now stand at more than $202,-000,000. "The Balance Sheet confirms that the cash position of the bank is strong," he said. "Assets in this form, coupled with Canadian Government Treasury Bills and Day-to-Day Loans represent 22.5% of the bank's aggregate liabilities to the public."

Discussing the bank's extensive building and renovation program, Mr. Sedgewick reported that the bank now operates a system of 821 branches in Canada and 82 abroad — a toal of 903, representing an increase of 31 during the past year. Included among new branches was one established at Frobisher Bay, the first Canadian bank to be opened in the Arctic Islands.

ROYAL BANK ABROAD

Referring to the British West Indies area where important constitutional developments are taking place, Mr. Sedgewick mentioned that the bank is playing a part in assisting in the economic growth of this newly developing member of the Commonwealth family. He also spoke of the unusual opportunities which exist for young men with the aptitude and desire for a career in international banking, pointing out that there are openings in the bank for a select number of such young men each year.

Saturday Night

A busy day on the trading floor of the Toronto Stock Exchange looks like this. Most trading is in primary issues.

Toronto's Losing Battle With Skulduggery

by R. M. Baiden

". . . We are not dealing with ordinary litigants, but with individuals who have been granted a licence, a privilege to trade with the public and who are expected to give an account of their dealings and preserve material records in their own as well as in the public interest."

Stock exchanges require more than rules to keep the public protected. It's the result that counts.

THIS is the standard that applies to everyone in the securities business in Ontario. This statement was set out by O. E. Lennox, chairman of the Ontario Securities Commission in September, 1953. The occasion was the first cancellation of a brokerage licence by the government body since the scandals of the depression crash. The firm was Picard and Fleming, members of the Toronto Stock Exchange.

But in the four years that followed this is what happened: Two more Toronto Exchange members forced out of business; five brokers penalized by the Exchange through suspension and/or fines; a dozen companies delisted; three criminal actions before the courts and countless dollars lost by embittered investors (see box). Most of the trouble occurred in the last year or so.

Now the TSE and the Canadian Stock Exchange in Montreal are putting into effect a program which they hope will eliminate the incidents that rocked the brokerage business in recent years. (Montreal has not been incident-free. The member firm of Roger R. Belanger Ltd. was suspended from trading on the Montreal and Canadian exchanges in

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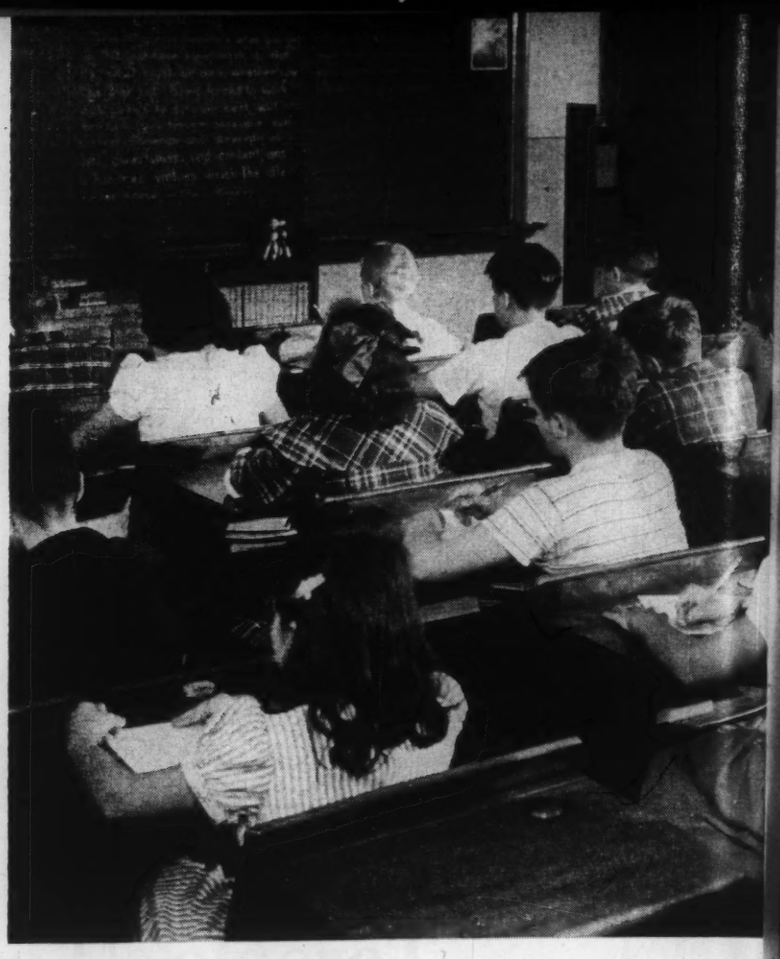
Let's Not PANIC On Canadian Education

by C. H. Savage



The shortage in Canada is more often that of proper classrooms than of well-trained teachers.

It is doubtful if anyone really knows how Russian schools compare in quality with those in Canada.

WE HAVE BEEN BOMBARDED with ominous warnings that the West is falling far behind Russia in the production of engineers and scientists. Now we are also told that in curriculum and effort the Russian schools surpass those of America.

This is sheer conjecture: and as far as Canada is concerned it is in no way borne out by the 200-page report *Education in the U.S.S.R.* that has just been published by the United States Office of Education.

Actually it is difficult to make reasonably valid comparisons of this sort and it is doubtful if anyone really knows how Russian schools compare with those in Canada any more than they know for sure how Russian engineers and scientists compare in number, training, and employment with ours.

But a surprising number of people are talking and writing and arguing about these questions; and with very little knowledge of the basic educational situation even in their own country.

It is high time that we did a little educational stocktaking to find out and to make known just what we do have here in Canada.

And notice that I say Canada. We can make no greater mistake than to take it for granted that conditions in Canada and the United States must be alike.

Let us begin our stocktaking by considering enrolment in Canadian universities and colleges.

What is the source of college enrolment in Canada and how well are we tapping that source?

From 12 to 15 per cent of the population of Canada

is intellectually capable of doing Canadian university work successfully.

Thus the size of the pool from which we can draw our college entrants is set generally by the size of our population and more particularly by the size of the group aged from 17 to 22 years.

From this group must come the college graduates that business and government require, the recruits for all the professions, and the teaching staffs of our high schools and universities.

Let us see what is happening right now here in Canada to our pool of potential college graduates.

In 1956 the age-group 17 to 22 in all Canada contained roughly 707,000 men and 687,000 women. Of these about 15 per cent were college material: that is in rough numbers 106,000 men and 103,000 women.

In September of the same year Canadian undergraduate college attendance was 57,000 men and 16,000 women.

In addition to this there were in 17 to 22 age-group about 10,000 men and 3,000 women who at the age of 20, 21 and 22 had already graduated from those colleges that accept matriculants from the 11th and 12th school years. There were also in the same age-group 17,000 men and 5,000 women aged 17 and 18 who were definitely awaiting entry into the colleges that enroll from the 12th and 13th school years.

Thus in the age-group 17 to 22 there were in all 84,000 men and 24,000 women either attending college or graduated or definitely awaiting enrolment.

This left, in 1956, in the 17 to 22 year-group, 22,000 men and 79,000 women intellectually capable of going to college who were not doing so.

Some of these men and a very large number of the women were enrolled in elementary school teacher training courses or were already teaching in the elementary school. Another large group, mostly women, were training to be nurses or serving as such. Still others, both men and women, were employed in services that require the ability of the college group but do not require college training to the degree level. Many of the women were married and completely occupied with household and community duties.

It is impossible to know just how many these groups number, but it is obvious that unless we are to raid the ranks of the elementary school teachers and of the nurses the percentage of women attending college cannot be

CONTINUED ON PAGE 33

The Russians are now busy making great claims over their education but how do the trainees compare in real quality?

Here are the hard facts about Canada's position which should do much to dispel the current hysteria over Soviet teaching.

The 17 to 22 age group will determine the potential. 15 per cent are college material.

The CF-100: Crossroads for Canadian Aircraft

Part II

by James Hornick

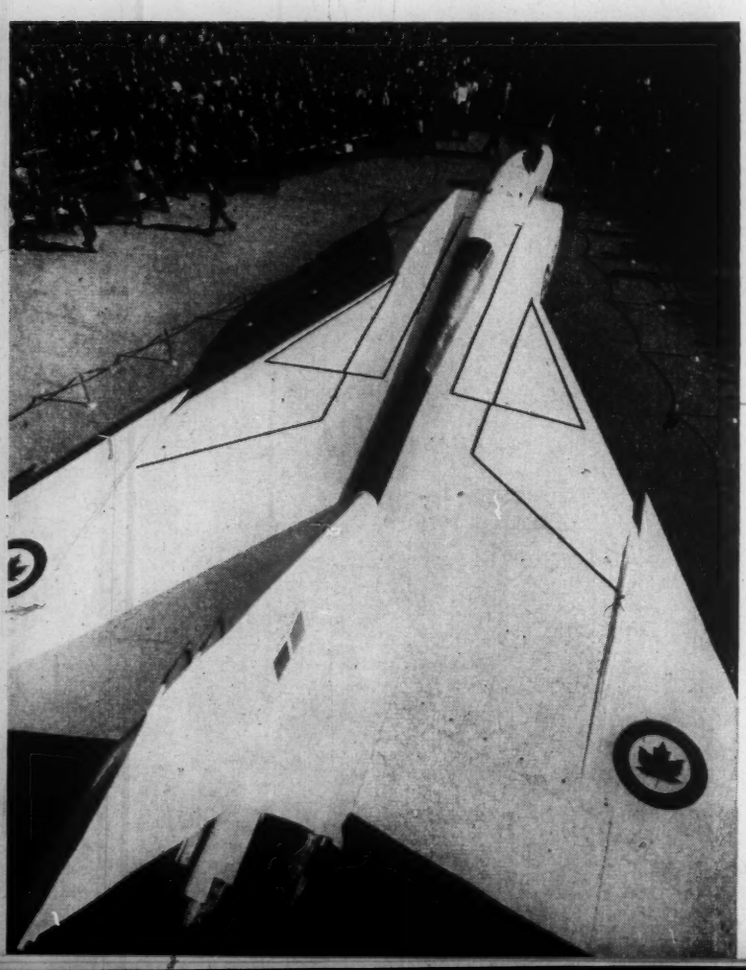
THE SPECIFICATION was formidable. It demanded an all-Canadian, jet-propelled interceptor aircraft carrying a crew of two, with a speed of 600 miles an hour, range of 1,500 miles, service ceiling of 45,000 feet and an ability to operate day or night, in fair weather and foul. It would have to utilize existing runways, possess a high rate of climb and provide a stable platform for heavy armament and elaborate radar. This compromise of design contradictions was to be unlike any other aircraft in the Western world. Its designation was to become CF-100.

An RCAF planner of the day recalls: "First we had a look at the specifications for the best bombers in the world — how high they could fly, and how fast. Then we asked for a fighter which would fly higher, and fly faster." C. D. Howe, then Minister of Defense Production, told the House of Commons: "There was no other plane in existence which, in the estimate of competent military authorities, would be suitable as an all-weather fighter that could be used in the defense of northern Canada. The only alternative was to produce one."

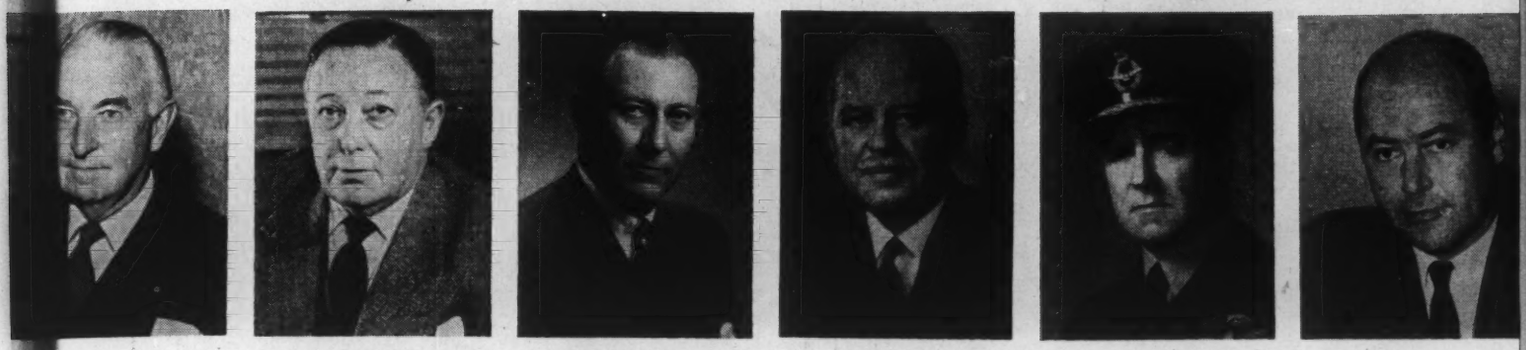
As the first article of this series suggested, had government leaders of the day been able to foresee the future, it now appears obvious that the CF-100 project would never have been authorized. It was fraught with perils which exacted a tremendous toll on the public purse. This was one of the boldest, costliest, most controversial and politically explosive experiments conducted by any recent federal administration.

To appreciate fully the enormity of the task assumed in late 1946 by the fledgling A. V. Roe Canada Limited, one must understand something of the history of Canada's aircraft industry. In two world wars we had acquired considerable experience in aircraft construction, but we had always borrowed someone else's blueprints and had imported all our aero engines. In the First World War, Britain's Imperial Munitions Board established in Toronto the now-largely-forgotten Canadian Aeroplanes Limited, which built more than 2,900 U.S.-designed Curtiss JN-4 Jenny trainers and 30 British-designed, twin-engine Felixstowe flying boats. Cost of the program to the British and Canadian governments was $14 million. At one time, Jenny output reached 12 a day. About 700 were exported to the United States and the government of Spain purchased 20 equipped as seaplanes. From a production standpoint, the Jenny was simplicity itself. The structure was formed of British Columbia spruce and covered with fabric. The 90-horsepower engine came from Detroit.

Between the wars, the industry was spasmodically engaged in producing modest numbers of British and U.S. designs. Until the mid-Thirties original design was undertaken by only one company — Canadian Vickers Lim-



Delta wing CF-105, capable of 1,500 mph, cost $200 million. It will be two years before aircraft is ready for service.



Concerned about CF-100 publicity were (from left) Sir Thomas Sopwith, Sir Roy Dobson, Fred T. Smye, J. S. D. Tory, Air Marshal Robert Leckie, and Crawford Gordon Jr.

If government leaders had been able to foresee the future in 1946, it is now obvious that the CF-100 project would have been abandoned. Its perils and costs could have meant political suicide.

ited. Vickers' most successful design was the single-engine, three-seat Vedette flying boat, planned for RCAF photographic and forest patrol missions. They were built of cedar planking on laminated elm frames and cost $13,500 each. Engines were obtained in the U.S. The RCAF purchased 58 Vedettes and three were exported to Chile.

By early 1939, the industry comprised eight companies employing 4,000 people and occupying 500,000 square feet of floor space. By 1945, 45 plants employed 116,000 people and occupied 15 million square feet. In the interval, 16,418 aircraft had been built — of which nearly 10,000 were exported — and 6,539 overhauled and repaired. They were trainers, light transports, fighters, bombers and reconnaissance craft of U.S., British and, to a relatively minor degree, Canadian design. In all cases, aero engines were supplied by the U.S. and Britain. The peak of production was reached in 1944, when expenditures amounted to $427 million. This mas-

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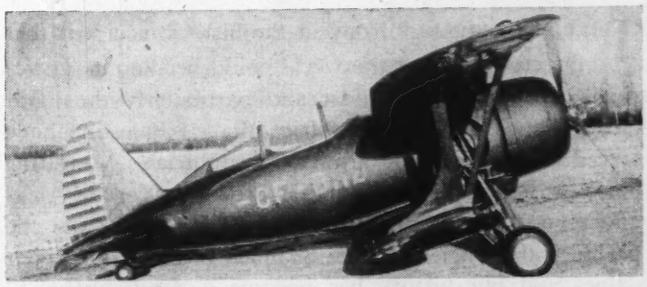
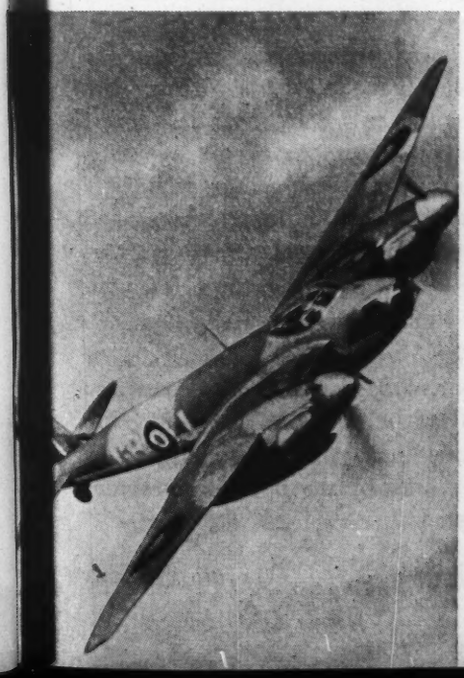
World War I "Jenny" trainers were built in Toronto.



Built in 1938, "Gregor" was first Canadian-designed fighter.



Canadian Avro "Lancaster" bomber used Detroit copy of Rolls Royce Engine.

"Mosquito" bomber was produced by de Havilland in Canada.

Riots in Jordan. "We must find a way of insulating borders so that the sparks of retaliation must not be struck".

The Middle East

by Maxwel

THERE IS A DEADLY irony in the historic accident that the crossroads of the world could become its graveyard. For the Middle East and particularly the landbridge between Asia and Africa that is Palestine have served civilizations and armies for centuries. A meeting place for Persian, Hellene and Hebrew, for Xerxes, Alexander and Titus Vespasianus, for Moses, Paul and the psalmist, this ancient source of much of our culture, our values and our history has become a dangerous playground in the contest that threatens man and the planet itself. For none of the four or five great problems that now divide East and West — Germany, the satellites, Formosa, Indo-China and Korea — are in so acute a position of chronic instability as this congeries of little states that make up the Arab world with Israel in their midst.

It was not always so. For a time the ascendency of the great powers of Western Europe continued with little challenge. The British were in Egypt with French cooperation — and rivalry — before the end of the 19th century. The frontier of India touched Persia and Afghanistan. Turkey, classically "the sick old man of Europe", was disintegrating, ready for the dismemberment of its ancient empire, while the Arab-Islamic world already in the early part of the 19th century was showing signs of an inner social and ideological struggle. Certainly by the end of the 19th century, Arab intelligentsia in Bagdad, in Damascus, in Aleppo, in Jerusalem and in Cairo were self-consciously exploring the opportunities of applying western thought and technology to Arab life and the Islamic tradition.

With World War I the Arab awakening — to use George Antonius' phrase — found fresh political opportunity. The ancient provinces of the Turkish Empire, the mysterious sanjaks of much 19th century romance, were ripe for falling off the Turkish tree and blossoming into nationhood on their own. Leaders emerged from the desert, in Hussein and Ibn Saud, and provided the first instruments of political independence. Then, with the post-World War I settlements, the "raw" new sovereignties emerged; some under temporary tutelage as a mandate, as with Iraq and Syria; some created artificially for limited political purposes, as with Trans-Jordan; and others such as Yemen and Saudi Arabia, almost as primitive as they were centuries ago, but leaping fresh, as Minerva, to statehood.

The British and French intrigued and governed, bringing skills and education, roads and sanitation, but also an unexpected quotient of bitterness as the young impatient nationalists found their road often blocked by the mandates system or later by the brooding presence of imperial power in general.

King Hussein of Jordan has shown surprising backbone. He has denounced Egypt as having sold itself out to communists.

Egypt's Nasser still talks big but he is believed to be worried over the ties he has made with Soviet leaders.

We must not let statesmen at the summit dispose of the territories of little states. We must find new rules for the game because we cannot afford to wait.

Dangerous Playground

hen

But this area was not only strategically and politically important for the British and French, historically opposing the Germans who had dreamed of a highway from Berlin to Bagdad; it was unexpectedly to become the greatest single reservoir of oil in the world. So for a complex of reasons, resources and strategy, politics and ideology, the Middle East and the Arab portion of it became the center of powerful and fluid forces. And to this maelstrom of contemporary history there was added another pressure when the State of Israel came into being in 1948. Already there were signs and portents in British Palestine that extreme Arab nationalism regarded Jewish immigration into mandated Palestine with suspicion although to much of the world that modest immigration in the twenties and thirties under Zionist inspiration seemed motivated by an ancient longing and a unique modern idealism. But these Jewish emotions were not sufficiently communicated to dispel a growing, almost neurotic, fear on the part of Arabs in Palestine and elsewhere that these immigrants were attempting to create an outpost of Western society in the Islamic world, alien and indigestible.

By the beginning of World War II, certain features of the Arab-Islamic peoples and their relation to the West were clearly discernible. The new nationalism, the hoped for awakening, had been met with the resistance of Anglo-French imperial needs on the one side and of massive social problems of poverty, disease, ignorance and social reconstruction on the other. There was to be no easy road to the re-birth of Islam or of Arab life; and so the frustrations of discovering that the way to success as a modern state for a deficient and partially medieval

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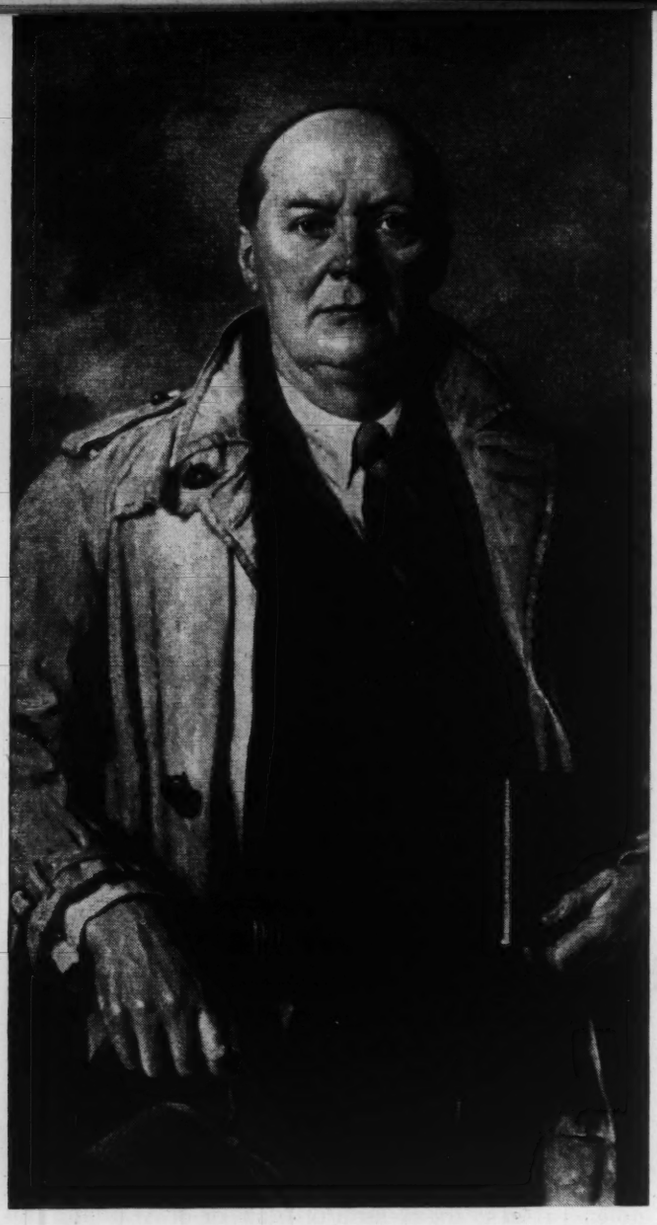
Israel's Ben-Gurion has will of iron.



Trench-coated Dr. Pratt as painted by Kenneth Forbes, 1946.

Dr. E. J. Pratt: A Poet's Quarter-Century

by Mary Lowrey Ross

Conspicuously honored for more than a quarter of a century as "the distinguished Canadian poet," Ned Pratt celebrates a 75th birthday.

ON FEBRUARY 5TH, the Canadian Broadcasting Company is arranging an hour-long radio tribute to Poet E. J. Pratt, complete with readings from his major works and tributes and reminiscences from his friends.

The occasion — Dr. Pratt's 75th birthday anniversary — will be unique; but the tributes will be nothing new to Poet Pratt, who, for more than a quarter of a century, has been conspicuously honored in his own country. He has won two Governor-General's Poetry Awards, and honorary degrees from a dozen universities across the continent. Chairmen from Newfoundland to British Columbia have introduced him for many years as "the distinguished Canadian poet, Dr. E. J. Pratt". To his friends, and even acquaintances — for he has a remarkable talent for stimulating an instant sense of intimacy — he is almost invariably known as Ned.

The list of his major works includes *Cacholot, The Great Feud, The Titanic, The Roosevelt and the Antinoe, Brebeuf and his Brethren, Dunkirk, The Last Spike,* and *Behind the Log.* Since these are all long narrative poems, they represent a considerable body of work. The output is the more impressive when one realizes that they are almost entirely the work of maturity. He was never a youthful prodigy who lisped in numbers; in fact he was nearing 40 before he found the leisure and resources to write poetry. When he finally discovered his talent he seized on it with an astonishment and vivacity that is still refreshingly apparent in nearly every line he writes.

E. J. Pratt was born of a family of eight into a Newfoundland Methodist parsonage. During his early years it appears to have been taken for granted that, with his dedicated background and his remarkable articulateness

he was destined for the pulpit. Actually, he gave the matter a fair trial through the greater part of his early years; but in the end he came to realize that something was lacking, whether a sense of dogmatic conviction or a lack of the stern didacticism that makes preaching effective in a rather primitive community. "I was never quite at home in the pulpit," he admitted later.

He had left school at the age of 15 to take work in a general store. Two years later he left the store, declining an offer of partnership, to resume his formal education in St. John's, Newfoundland. From this point on his education was largely self-financed, and some of the financing was oddly unconventional. At one time, for instance, he and a friend concocted a lung healer from spruce buds and cherry bark laced with rum, a formula recommended by a fellow Newfoundlander who claimed to have been cured by the remedy. It was put up in hundreds of bottles but, with the arrival of freezing weather, all the bottles burst. Before these reverberations fortunately, the young pharmacist, with $125 in his pocket, was on the way to Toronto and the higher education.

If his later work reflects anything from the lean years that followed — he lived, he recalls on $2.50 a week, with $1.25 for rent and $1.25 for food — it is in a marked preference for the prodigious over the meager, for the concrete and specific over the mistily abstract. These are, obviously, a part of his natural endowment; but they didn't come into evidence until the years of struggle were over and he had settled down to a happy marriage and a secure and congenial position in the Department of Psychology at Toronto University. Poetry followed naturally, in the traditional form of emotion recollected in tranquillity.

There is, to be sure, little outward tranquillity in the poetry of E. J. Pratt, who has always been stimulated by conflict and violence, and haunted by the tragedies and prodigies of the sea. As a boy he remembers vividly

The poet (front row, right) on the occasion of an honorary degree from Queen's—one of a dozen he has received so far.

the sight of Moreton Harbor, with the great whales drawn up on shore, their jaws propped open with thirty foot struts. *The Cachalot* was to emerge from experiences of the sort in later years, along with *The Witches' Brew* and *The Great Feud*. At the time they filled him with nothing more than a boy's incredulous wonder.

There was also the arrival of Marconi in Newfoundland. The inventor had established Signal Hill, a 600 ft. rise overlooking the ocean as the nearest point to Europe, and he had come to supervise the arrangements for the world's first wireless message, from Signal Hill to Cornwall, England. The young Ned Pratt was on hand to catch the first weak incredible message from across the Atlantic. "This will mean that there can never again be a greater disaster at sea," he was told.

That was in 1901. In 1912 came the sinking of the "Titanic". For Poet Pratt the "Titanic" disaster was to become almost as vivid and heartshaking as an experience he had actually shared. He studied reports, surveys and speculations, pouring endlessly over the chain of mysterious circumstances that led on to the tragedy.

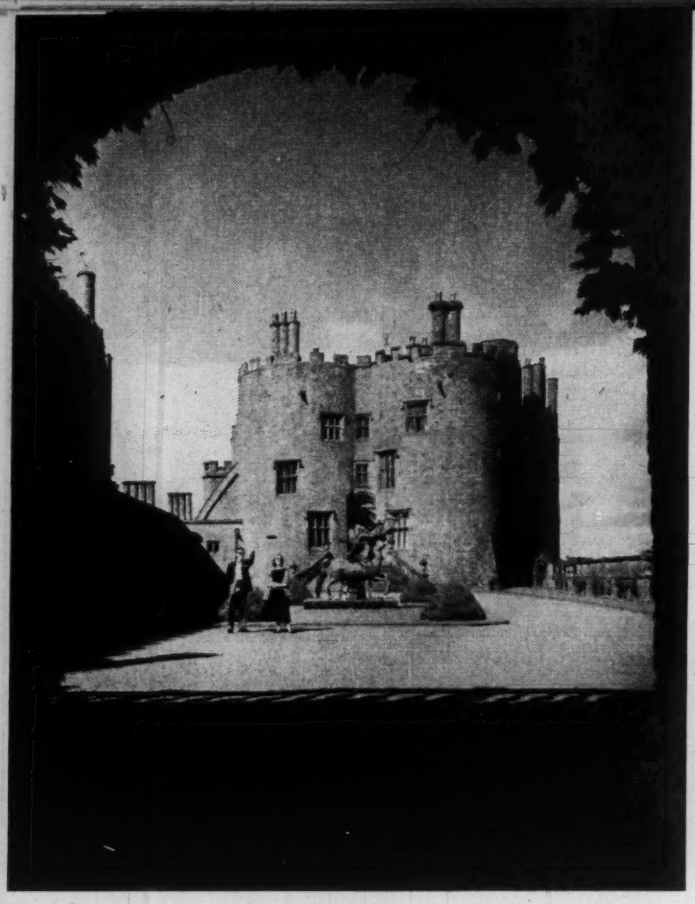
CONTINUED ON PAGE 35

Dust jacket of Dr. Pratt's "Behind the Log", illustrated by Grant Macdonald.

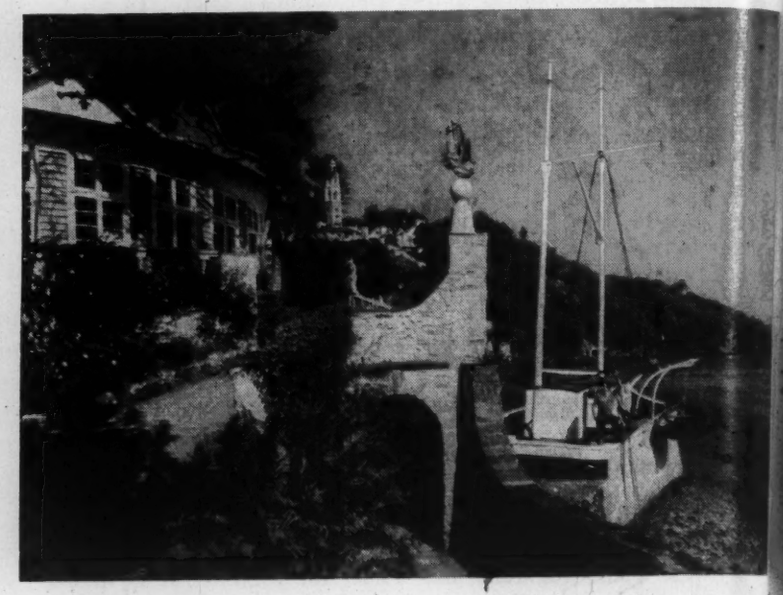
At Marconi's plaque on Signal Hill. Ned heard first transatlantic message.

With wife Viola and daughter Claire, an editor for book publishing firm.

Travel



Wales is a nation of castles and among the loveliest of them is Powis Castle, Montgomeryshire, a travel must.



Typical of the countryside is the county of Merionethshire. This beautiful view is of Port Merion, favorite of artists.

Welsh hospitality will be found at its best during the Festival. This is Capel Curig in Caernarvonshire.

History unfolds at every road bend. On the way to famous Penrhyn Castle.

Festival of Wales

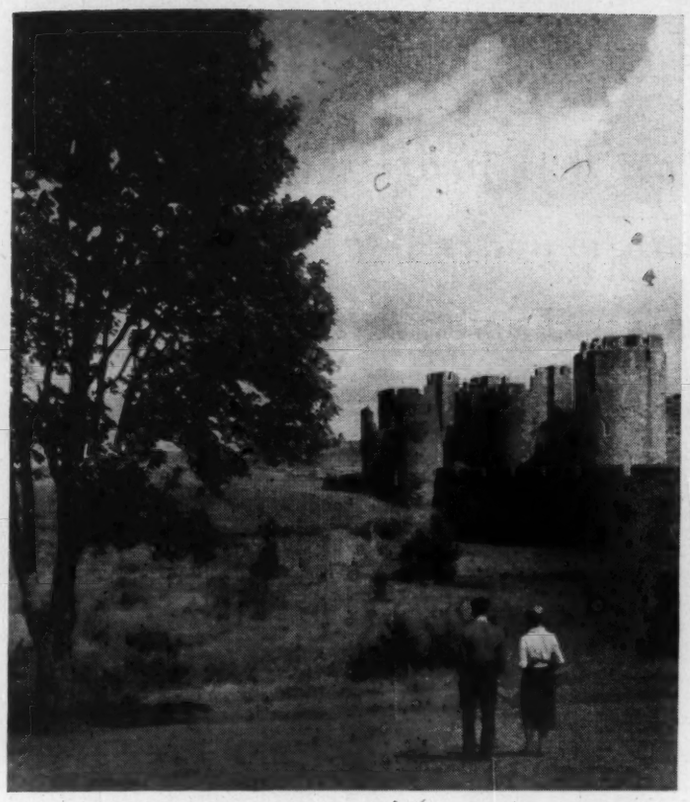
by Lewis [illegible]be

"YMWELWCH A CHRYMRU" may look like a lot of pied type to Canadians but to a Welshman, it means "Visit Wales." The Canadian who does ymwelwch a Chymru for the first time will undoubtedly be amazed at the strangeness of it all, for Wales is indeed Britain's most "foreign part."

In spite of the fact that the Welsh and English have lived together as peaceable neighbors and partners in government for hundreds of years, the Welsh still regard themselves as a nation quite distinct from the English. They have managed to keep alive their own traditional language — a distinctive Celtic language, not merely a dialect. They have a living literature and the language is spoken and written by thousands.

Even the name of this tiny country, Wales, or Wealas as it was originally called, means land of foreigners. When Anglo-Saxon conquerors over-ran Britain in the sixth and seventh centuries, the surviving British sought refuge in the area of mountains in the west and the Saxons named it Wealas.

This year the expatriate Welshmen in Canada (and there are many of them) will be wearing his leek or daffodil on St. David's Day (March 1st) with a particularly proud air; for 1958 is a year which will be marked in the history of this delightful principality. One of



Caerphilly Castle, built in the 13th century resisted Cromwell's efforts to destroy it. This is cheese country.

In the Radnorshire Arms, Presteigne. Jacobean oak panelling in the Inn, dates from year 1616.

Wales Welcomes Canadians

Lewis Roberts

Europe's major events of 1958, the Festival of Wales, opens in May and runs until mid-October — highlighted by the British Empire and Commonwealth Games in July at Cardiff.

To this land of mountains and valleys, of music and poetry, of mystery, ancient memories and long established customs will come an estimated 10,000 Canadians. They will see festivals of music and poetry which have remained unchanged in character for centuries, magnificent ceremonies, fetes, galas, agricultural shows and other holiday events in cities, towns, villages and hamlets from north to south.

On May 3rd is the official opening ceremony of the Festival — a spectacle of pageantry as stirring as any yet seen in Wales. A fanfare of trumpets will proclaim the inauguration and the Red Dragon, national emblem of Wales, will be unfurled beside the British Union Jack on the ancient castle towers and modern civil halls throughout this land of Festivals.

The Games, July 18th to 26th, have a special importance for Canadians because the first of the present series, although there were earlier predecessors, was held in Canada — at Hamilton — in 1930. They are held only once in four years and the invitation to act as host

CONTINUED ON PAGE 34

Girl in national costume typifies happy spirit of all the people of Wales.

Competitor in International Music Eisteddfod which has become a visitors' delight.

Full circle of a tour of Wales. Back to Powis Castle which expects this year to see many of the 10,000 Canadian guests.

This is the building offered investors in REST plan. Price tag set at $750,000.

Painless profits in big real estate deals are the lure in this scheme. But the deal is no gravy boat for investors.

Small Investors Invade Real Estate

By James Fielden

THERE IS A NEW scheme afoot to let the little investor get a slice of the big real estate profits.

Specifically, the scheme is called a Real Estate Syndicate Trust and nicknamed a REST plan. It aims to provide equity participation for as little as $1,000 in office buildings, shopping centres and apartment buildings—up to now the exclusive reserves of "big money" investors. Claimed returns on your investment range from 10% to as high as 17%.

This, in essence, is the plan:

An agent acquires an option to purchase a substantial equity in a large real estate investment. He then undertakes to re-sell that equity to a number of investors with a trust company cut in to manage the property and act as trustee for the participants. The agent keeps about 5% of the gross as his commission and the trust company receives a flat rate plus a 5% commission on the rents for its duties. The participants share the profits, such as rents, the investment earns.

The REST plan is a new plan for real estate investment. It offers many attractions. But like all other investments, it has limitations and possible drawbacks.

The REST plan in its present form was developed by A. H. Rushforth and Co. Ltd. The Toronto company is designated as "financial agents". Rushforth himself previously headed his own real estate company. The trust company involved is Guaranty Trust Co. of Canada.

These are the details of the plan currently offered to investors:

The building is a new nine-storey apartment in the west-end Parkdale area of Toronto. It contains 33 one-bedroom suites and 33 two-bedroom suites. All are currently rented on two-year leases. The purchase price was $750,000. A 25-year, 5½% mortgage for $478,136 is held by London Life Insurance Co. The equity offered is 275 units at $1,000 each.

Revenue from the 66 suites and parking is figured at $105,312 a year. Expenses, including taxes, heat, light, power, water, janitor, insurance and management, total $31,240. Reserves, including vacancy, maintenance and replacement and mortgage payment total $77,262. Profit for distribution is figured at $28,050 which, on an equity of $275,000 indicates a return of 10.2%. A further 6.9% return by way of mortgage reduction is indicated for indirect income.

The promoters also list these advantages for the REST plan:

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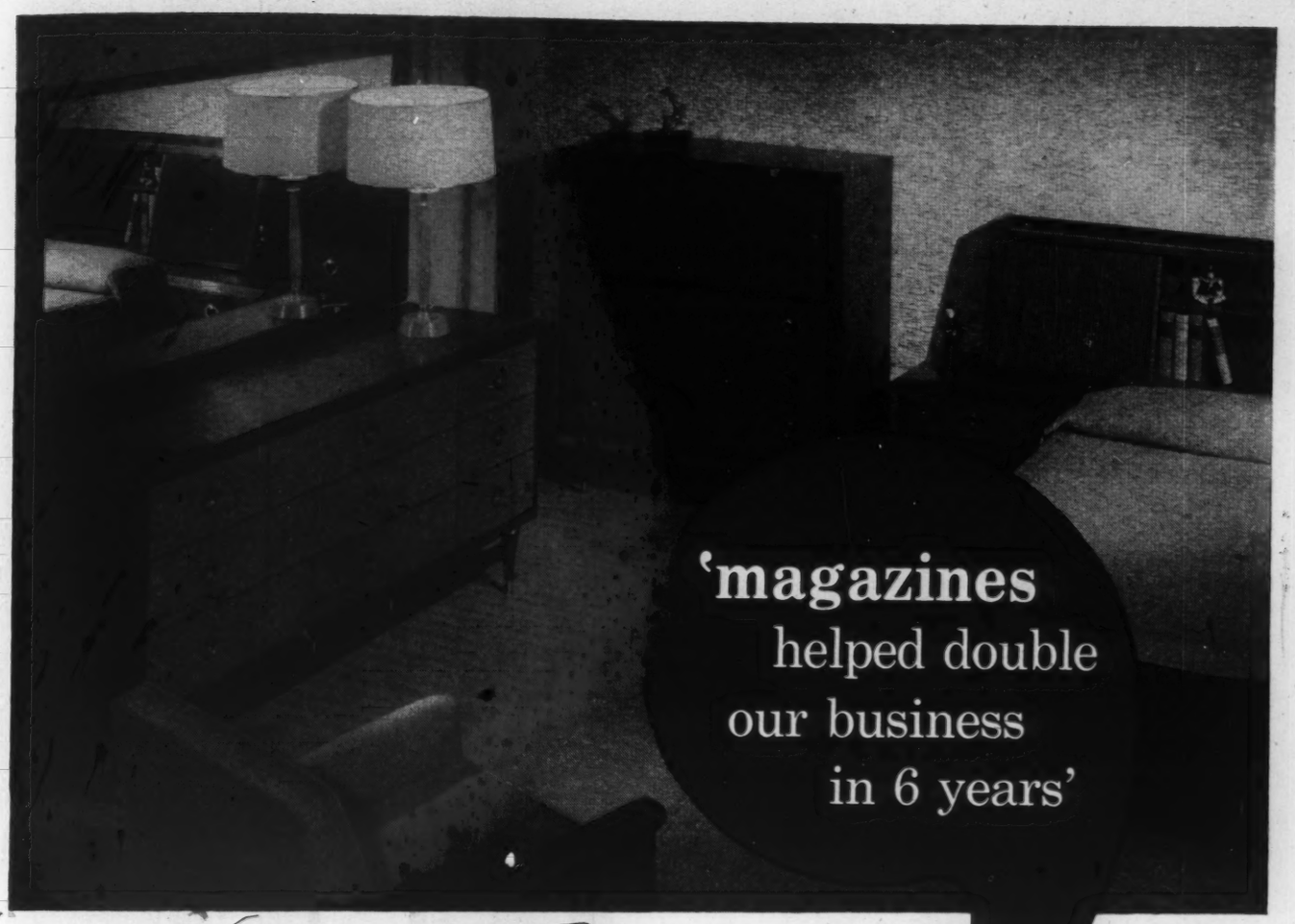


The story of Peppler's FINE FURNITURE progress

Peppler's advertising in Canadian magazines began a clearly defined period of outstanding sales increase.

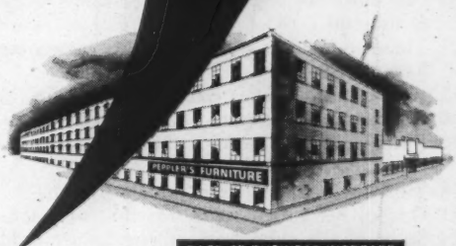
Mr. Fred Peppler, President of the Company, gives the following "appreciation of the situation". He says:

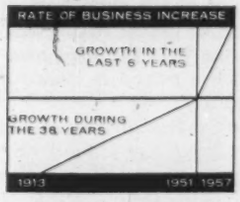
"We, at Peppler's, had manufactured fine quality furniture for 38 years. About 6 years ago we began to advertise in Canadian magazines, as part of a well-organized plan to secure greater volume. During this 6-year period Peppler's business has doubled . . increased more than it did in all the preceding 38 years.

"Magazines seemed to be the logical choice, for their circulations paralleled buying power very closely across the country, and their influence was mainly concentrated on the kind of families who were prospects for our furniture.

"Looking back, we know that our advertising found its mark . . and we are pleased with the fine job Canadian magazines have done for us."

Canadian magazines reach 2 out of every 3 urban homes in Canada . . . the most able-to-buy homes. Magazines give longer life to each advertisement. Your product looks more attractive, because of the finer reproduction only magazines can give. When your advertising must reach prospects in the quality market, it will pay you to give careful consideration to the Canadian magazines.





This advertisement sponsored by

Canadian Home Journal
Canadian Homes & Gardens
Chatelaine
Health
La Revue Populaire
Le Samedi
Liberty
Maclean's magazine
Saturday Night
Western Homes & Living

In the last 6 years, Peppler's Furniture factory has been expanded by three new additions . . . new machinery and equipment valued at over a quarter of a million dollars has been purchased during this period to handle the increased production.

THE MAGAZINE ADVERTISING BUREAU OF CANADA

21 Dundas Square, Toronto, Canada

Puzzler

by J. A. H. Hunter

TED WAS BUSY when I entered his little store, so I stood waiting a while. And very soon the customer seemed satisfied. "That'll be all," he declared, handing over some money. "Just those five, and I'll expect them tomorrow."

"That was a good sale," chuckled Ted, turning to me as soon as the man had gone. "One cent over a hundred dollars."

"A hundred dollars?" That didn't make sense. On the counter there lay five picture-frames of various sizes, their respective prices chalked clearly on the glass: $2.10, $3.30, $4.62, $7.70, and $11.55. "It seems more like thirty to me," I exclaimed.

Ted laughed. "Those are what he bought," he said, nodding towards the frames, "but more than one of each, and no discounts."

Another customer came into the store at that moment so I left Ted to his prey. But I'm still trying to figure out the details of that purchase. (67)

Answer on page 40

Chess

by D. M. LeDain

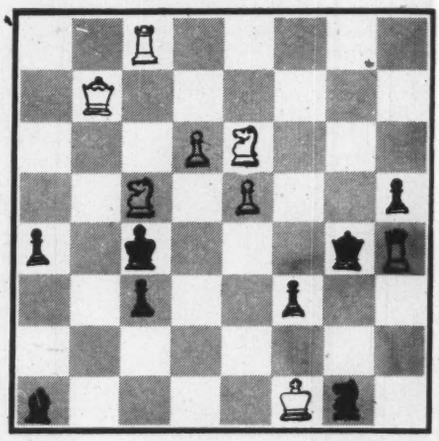
THE WORLD JUNIOR Championship at Toronto last summer was the first event of this kind for the Western Hemisphere, and William Lombardy, of New York, gave it a special eclat by winning all his games and so breaking a ten year Russian chess hegemony. The Soviet's V. Selimanov finished fourth. Lombardy, a sturdy 19 year old chemistry student, generally prefers simple solid formulas in his chess prescriptions, but he added something highly volatile in his game with the second prize winner.

White: M. Gerusel (W. Germany), Black: W. Lombardy.

1.P-Q4, Kt-KB3; 2.P-QB4, P-K3; 3.Kt-QB3, B-Kt5; 4.Q-B2, Kt-B3; 5.Kt-B3, P-Q4; 6.P-QR3, BxKtch; 7.QxB, Kt-K5; 8.Q-B2, P-K4! 9.PxKP, B-B4; 10. Q-R4, Castles; 11.B-K3, P-Q5! 12.R-Q1 (if Castles, B-Q2!), PxB!! 13. RxQ, PxPch; 14.K-Q1, KRxRch; 15.K-B1, P-QR3! (threat Kt-B4); 16.Q-Kt3, Kt-B4; 17.Q-B3, Kt-R4! 18. P-K4, Kt(R4)-Kt6ch; 19. Resigns.

Solution of Problem No. 184 (Mansfield). Key, 1.Q-B4.

Problem No. 185, by F. Gamage. White mates in two. (8 + 8)



Now What?

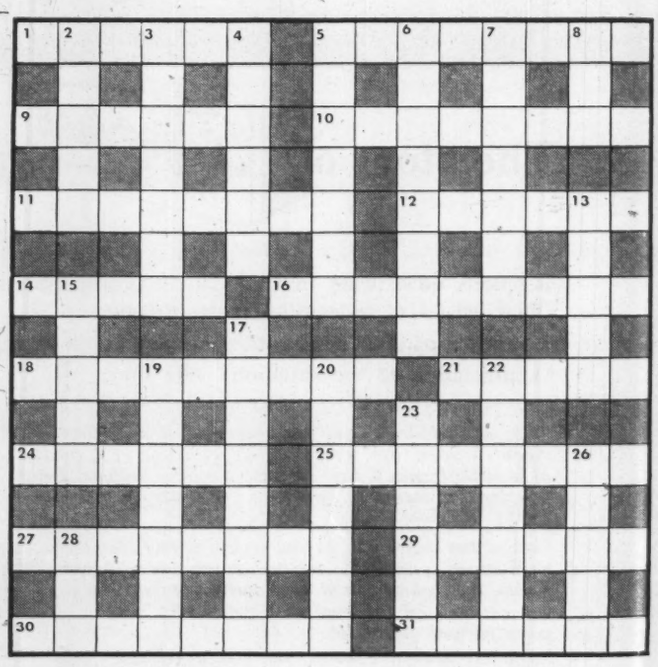
by Louis and Dorothy Crerar

ACROSS

1 The old convict had nothing on in the water. (6)
5 If he gets in a jam I can get him out of it. (8)
9 Yet there's little difference when 23 is past. (6)
10 One can't say the creature's spineless because it will go back at the end. (8)
11 These outfits may be new for newcomers, yet stale, perhaps. (8)
12 Are reformed ladies likely to have high ones? (6)
14 Quarrels over shoes. (5)
16 Fished, perhaps, with a badly made net when the line became this? (9)
18 This insect can make a vehicle rock badly inside. (9)
21 One of his varied roles was that of teacher. (5)
24 Some of the chief fetes are no longer productive. (6)
25 One of the 30 Adam was, no doubt, 27 to after Eden. (5, 3)
27 Grace ill? She may have been this to something. (8)
29 Such a person is evidently not out to marry. (6)
30 See 25. (8)
31 Surely this airport should be at Goose Bay! (6)

DOWN

2 The Greeks start their 25 with it. (5)
3 To get wealthy one needs only a little work to start with. (7)
4 How different things appear when the outlook is black. (6)
5 Pauline or Samuel. Take your pick. (7)
6 Crazy over a girl gone astray? Then make a song about it. (8)
7 Part of the main cooling system? (7)
8 In play much goes before it, but there's just about nothing after it. (3)
13 A G.I. turns up with a Souhern general in Belgium. (5)
15 One reader that daren't skip. (5)
17 The composer put her egg on scrambled. (8)
19 Do they never give up? (7)
20 Prudence probably never took any! (7)
22 He was her man to the end. (7)
23 Time of the year most appreciated in the desert? (6)
26 Material from a Scottish emblem. (5)
28 How sad in retrospect 12 looks having lost this. (3)



Solution to last puzzle

ACROSS
1, 20 Any port in a storm
5 See 10
9 Prussia
10, 5 Claps of thunder
11 Night club
13 Addle
14 Lucy
16 Peal
18 Exact
21 Green
22 Rash
23 Scar
25 Tails
27 Hurricane
31 Indoors
33, 14D Flash of lightning
34 Grammar
35 Ramadan

DOWN
1 Aspen
2 Young
3 Onsets
4 Trail
5 See 19
6 Unawares
7 Dosed
8 Reflector
12 Bolts
14 See 33
15 Cue
17 Earth
19, 5 Arctic
20 See 1A
24 Disarm
26 India
28 Refer
29 Aphid
30 Elfin
32 Sir

(434)

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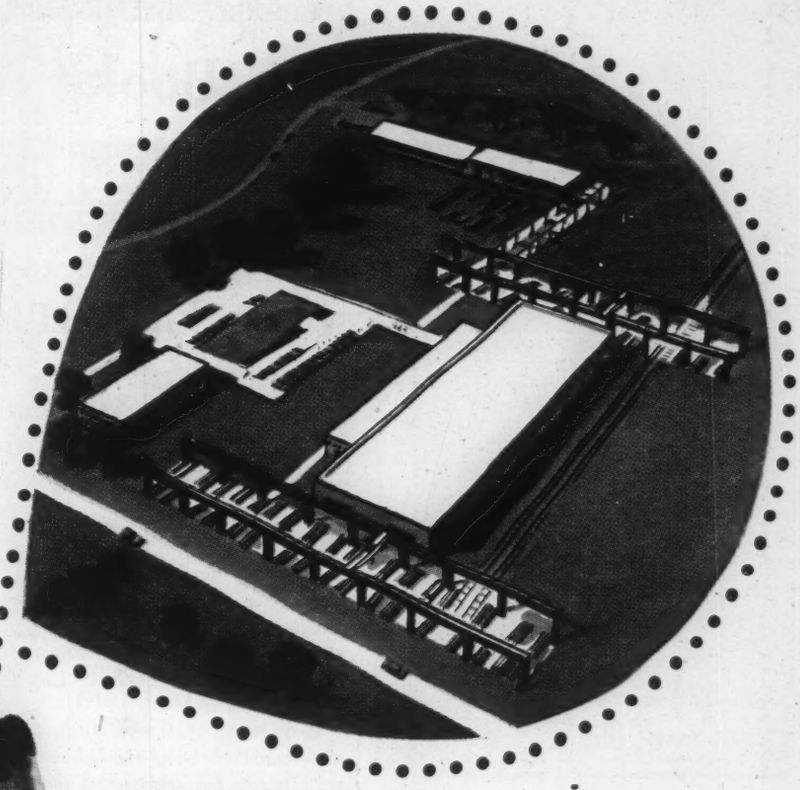

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16P

Books

by Robertson Davies

From jacket: "Voltaire in Love".

The Luxuries of Literature

"Anecdotes...stimulate the appetite for reading and create it where deficient". Here is a book which will provide a welcome touch to our fare.

ONE OF THE FINEST of all biographies, Boswell's *Life of Dr. Samuel Johnson,* consists in great part of anecdotes. Johnson would have been pleased, for he said: "I love anecdotes. I fancy mankind may come in time to write all aphoristically, except in narrative". The doctor was wrong. In our sour age anecdotes are out of favor in biography, and a kind of subjective analysis — sometimes mischievous and belittling in effect — is the fashion. But people still continue to be fond of stories about the great, and that is why I think there will be a warm welcome for a fine book called, simply, *A Book of Anecdotes* which has been compiled and edited by Daniel George. Mr. George quotes an anonymous eighteenth century critic as saying: "Anecdotes are among the luxuries of literature . . . They stimulate the appetite for reading and create it where deficient." Here is a book which provides a welcome touch of luxury to our reading fare.

The prejudice against anecdotes crops up in unexpected places. It is odd to read in the otherwise fine appraisal of Abraham Lincoln by the contemporary journalist Henry Villard this passage: "I could not take a real personal liking to the man owing to an inborn weakness for which he was even then notorious and so remained during his great public career. He was inordinately fond of jokes, anecdotes and stories. . . He possessed, moreover, a singular ingenuity in bringing about occasions in conversation for indulgences of this kind". In fairness to Villard, it must be said that it was Lincoln's special fondness for dirty stories which offended him. But by no means all of Lincoln's stories were gross. Villard could not see the enthusiastic curiosity, the love of people in all their variety, and the concentration of wisdom which lay behind Lincoln's passion for anecdotes.

It is true that anecdotes can be the worst kind of bore and conversation-stopper. In *My Discovery of England* Stephen Leacock complains of the fashion for anecdotes in English society, and the painful weariness of spirit which it could engender. And most of us have read a few books in which witty remarks by the Duke of N——, in reply to a sally by Lady Nancy B——, while dining at P——, have left us mystified and affronted. But we know we shall be free from this sort of nonsense in any book compiled by Daniel George.

I know nothing of Daniel George (though *Who's Who* tells me that his surname is Bunting) except that he is one of my favorite men of letters, whose admirable taste, wide reading and discerning humor have provided me with three perfect bedside books, called *A Peck of Troubles, Alphabetical Order,* and *Lonely Pleasures.* He seems to read stacks of old and neglected books from which he culls fine things and curiosities which I would never have the patience or the learning to find for myself. When *A Book of Anecdotes* came for review I should have hurried to deal with it at once; but I did not want to hurry, I wanted to savor the book. That is what I did, and I hope that I can persuade many of you to savor it, as well.

It is simply a collection of excellent stories, all of them about people of some renown, and some of them well known already. But Mr. George has given us, whenever it could be discovered, the first version of the familiar stories, so that we read about King Alfred burning the cakes as it was first made known to the world, and we hear about Nelson turning his blind eye to the signal to cease action at the Battle of the Baltic as the first teller told it. There is great value in these original versions; in every case, I think, they are better than the more familiar, dressed up ones. I like George Washington when he says "I can't tell a lie, Pa; you know I can't tell a lie. I did cut it with my hatchet", though I could never endure him when he was represented as saying: "Father, I cannot tell a lie". The original versions have a smack of veracity which the later ones lack.

Not that this is a book of chestnuts. Ninety-five per cent of it will be new to most readers. Nor is it a joke-book, or a book of edification. It contains funny stories, shockers, tales of heroism and tales of cranky eccentricity. But every story has had to pass the test of Daniel George's taste, and that is a very good test indeed. It is a pleasure to recommend this book, though I must deplore the fact that it is marred by an uncommon number of typographical errors. (Is the printing-trade really in decline? Are proof-readers a dying race? Have publishers lost pride in their work? The sharp decline in accuracy in books published since the war suggests something of the sort.) Here is a book guaranteed to give pleasure to anyone who is not of the anecdote-hating minority.

Perhaps it seems odd to link *Speaking of Pianists* by Abram Chasins with Daniel George's book, but there are so many good anecdotes about musicians in it that I cannot refrain. Mr. Chasins, who is music director of that most distinguished of radio stations, WQXR New York, has known virtually all the great pianists of his time, and as he is a concert pianist by training he is able to understand and judge them as few critics can. His book is not made up of musical gossip, but of serious discussion of piano technique and interpretative power, enlivened with anecdote. Every story is to the point; every story carries some weight beyond the wit which makes it good.

This is a rich, compressed, valuable book, and I should be sorry if anyone seriously concerned with music or musical criticism missed it. Mr. Chasins, without

being a crank, is an exacting critic and he supports his criticism with strong argument. He is doubtful, for instance, about the value of long-playing records upon which a pianist (more correctly, a recording company) offers a large selection of, let us say, Chopin preludes; how many of them has he really studied, truly mastered? LP, like television, is a remorseless consumer of material. Can so much be offered without a slump in quality? So also with the "fabulous technique", which is supposed to be the specialty of so many of the younger pianists; is it really fabulous, or does it merely give a delusive importance to dexterity, where dexterity is not the chief necessity? What about "variety within unity, technique at the service of expressivity, and the fixed purpose of an adventurous spirit unafraid to bend the knee in obeisance to creative genius he seeks to serve"? What about recordings made when artists are in their pianistic dotage, puffed as "definite renditions"? Mr. Chasins is the most refreshing, informed and honest critic of music I have read in a very long time, and I hope no musician will neglect his fine book.

This leaves little space in which to discuss Nancy Mitford's *Voltaire in Love;* fortunately not much space is needed. A stream cannot rise above its source, nor a book above its author, and Miss Mitford has produced a Voltaire and a Marquise du Chatelet who are a little too much like Nancy Mitford. Of course Voltaire had his absurdities, and Mme. du Chatelet must sometimes have been a bossy bore, but absurdity and boredom were not their essentials, nor were these the qualities which drew and held them together for so many years.

It is good to be gay about the great, but in the gaiety we must not lose sight of the greatness. Miss Mitford has been guilty of the folly of trying to hoist herself onto a level with her betters, in a realm where the U and the non-U are of

Abram Chasins: To the point.

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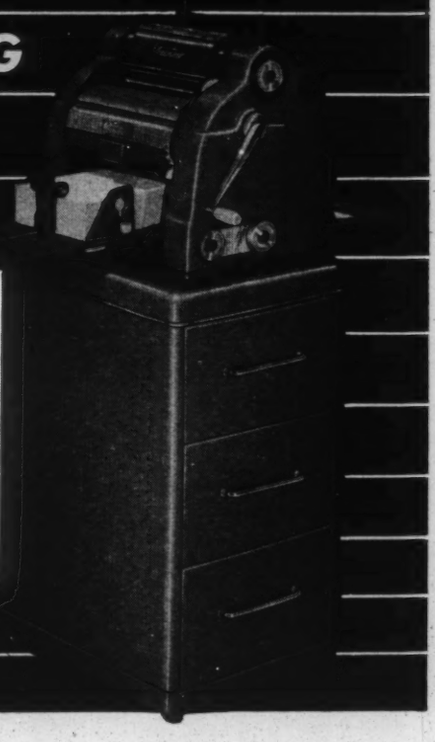

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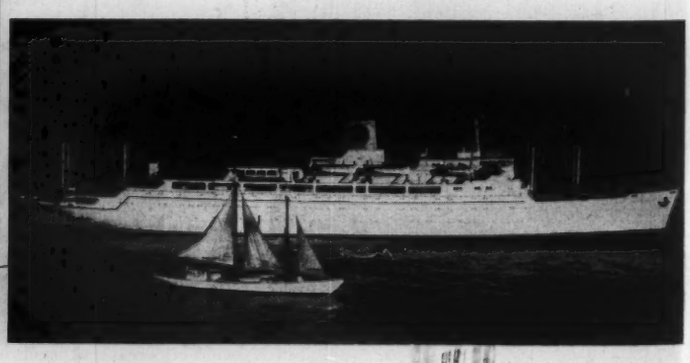

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secondary importance. She has some new information, provided by Theodore Besterman, editor of Voltaire's correspondence, but as a writer of history she remains, at best, what the eighteenth century called an Agreeable Rattle.

A Book of Anecdotes, by Daniel George—pp. 425—*Clarke Irwin—$4.*

Speaking of Pianists, by Abram Chasins—pp. 291—*McClelland & Stewart—$4.50.*

Voltaire in Love, by Nancy Mitford—pp. 275, bibliography & illustrations—*Hamish Hamilton—$4.50.*

Strong Meat

The Mask, by Stuart Cloete — pp. 245 — *Collins — $3.75*

THIS IS ANOTHER of the South African stories that Cloete tells with such vigor.

His central figure is Schalk Fourie, a Boer farmer and hunter who was so horribly mauled by a striped hyena that he wore a mask to hide the disfigurement of his face. His wife, whose passion for land had smothered all her kindlier virtues, had attemped to put him out of his misery when he was carried home after the accident crazed and more dead than alive. Schalk had lived, however, to spite her, and with his two youngest children had left home for the wilderness to the north. Thus it was that he ran headlong into the savage fighting of the uprising.

Cloete's people are always drawn so much larger than life and are so Puritanical or fanatical or self-sacrificing that they seem to belong in an epic rather than a novel. Yet in old Fourie he has created a character of surprising depth and subtlety who completely overshadows the lesser beings who are involved in the love story that runs its lusty and predictable course through the book. A good novel for the strong-stomached. F.A.R.

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Gold & Dross

Ploughing back steel earnings—Prices and pipelines—The prospects for food industry—Bullish on gold prospects?

Algoma Steel

Is there any good reason for the decline in shares of Algoma Steel Corp.? — H.F., Quebec.

Stocks are down and as a leading speculative issue Algoma Steel shares are no exception. It should, however, be apparent that the company is a strongly placed unit in the steel industry. One must not forget the claim of the late Sir James Dunn, who piloted Algoma from a shambles in the 30's to a leading place in its industry, that it enjoys exceptionally favorable costs. Not the least of the reasons for this is its possession near its steel plant at Sault Ste. Marie, Ont., of substantial iron-ore measures. It is also well situated for fuel, drawing coal from its own mines in Virginia via rail to Gary, Ind., whence it transhipps by water to the Sault.

The company is also favorably located for markets and sells some shapes to auto plants around the Great Lakes.

The end of the railway-building era in Canada some years back left Algoma hard pressed for markets but it appears to have overcome its obstacles and to have established itself in an exceptional position to profit by anticipated expansion of steel demand. The company has good physical facilities, the result of Sir James' policy of plowing earnings back into expansion rather than paying dividends. The stock, which was split last year and placed on a 25-cents quarterly dividend basis, affords a yield of more than 5 per cent.

The dividend appears to be reasonably secure.

Laura Secord

What do you think of stock of Laura Secord Candy Shops Ltd.?—K.L., Toronto.

There are several things about Laura Secord Candy Shops which commend it to the serious consideration of the investor.

The food industry is doing better all the time. This is evident by the increased amount of advertising and sales promotion it does and by the constant swelling of the number of prepared foods being marketed.

Laura Secord is a specialty operation in the industry. It distributes products of its own manufacture through its own system of shops. This is a type of operation which lends itself to a high degree of inventory control and to taking advantage of its own system of transportation. The unique character of the company's shops, their distinctive appearance, coupled with maintenance of high product standards, give the company an economical and effective means of sales promotion. This is reflected in its cumulative sales record, sales for the year ended September 30, 1957, showing a 7% gain over 1956 and amounting to $5,655,316. The profit picture was not quite as good proportionately, owing to higher costs, being $384,000 or $1.33 a share versus $1.28 the previous year.

The price-earnings ratio of stock is not out of line, considering growth prospects. Paying an indicated $1.25 a share per year, the stock yields upwards of 6¼%.

A feature of Laura Secord is the simplicity of its capital structure. This consists of only 287,500 shares of capital stock; no bonds or preferred stock. Working capital at September 30, 1957, was $2.3 millions, so it is apparent the investor at today's prices — around $19 — is not paying too much for an established business with interesting growth possibilities.

Kerr-Addison

Could you recommend Kerr-Addison as an investment?—B.N., Ottawa.

Kerr-Addison may be recommended with reserve, the reservation being that the buyer would have to be very bullish on the future of gold. This is an attitude which is difficult to hold, notwithstanding the recent rift in the clouds as a result of an improved price of the yellow metal. Canadian gold producers sell their product to the Canadian government at $35 U.S. per oz. When U.S. exchange is at a discount in terms of Canadian funds the producers suffer since their costs are incurred in Canadian dollars. The discount has been lessening.

Although the use of gold as a medium of exchange appears to be as old as history, it has been demonstrated with increasing force in recent years that the world can get along without too much of the yellow metal. At the same time, gold is still nominally the basis of currency and can be expected to endure in this charac-

ter — which lends it its value — for many years. But obviously, any metal which the U.S. government buys and buries — as it does gold, which it re-interrs at Fort Knox, Tenn. — lacks the open market which any commodity requires to be taken seriously. The claims of certain supporters of the gold industry that gold would sell at more than $35 an ounce if it were available are not borne out by an examination of gold prices in various world centres where the yellow metal is traded.

Kerr-Addison is an outstanding gold equity. The company punched out a profit of 74 cents a share in the first nine months of 1957, with earnings of $1 indicated for the full 12 months. The stock has been selling at about 15 times earnings power. This is a high-price earnings ratio for a gold stock but is partly explained by the company's strong ore position.

Paying dividends of 80 cents a share per year, the stock yields 5.33% and investors are apparently satisfied with this yield.

The hope of increased earnings in the immediate future rests upon the possibility of lower costs. These would have to be achieved by the increased productivity of labor since materials and supplies probably won't decline in price.

Silver-Miller

How is Silver-Miller stock looking?—W.T., Kingston.

One of the few active operations in the once famous Cobalt silver camp, Silver-Miller has switched milling from the Brady Lake Mill to the LaRose mill, to which it is feeding straight silver ores.

The company is putting 200 tons a day through the plant and probably will hold to this rate for the immediate future.

The 250-ton LaRose mill was installed to treat cobalt ore but converted to copper when the bottom fell out of the cobalt market. When copper nosedived, LaRose was immobilized pending a switch to silver ore. This was done for a reasonable charge. Its success depends on the company's luck in putting silver-ore reserves in sight. The stock is quite speculative.

Prices & Pipelines

How does Interprovincial Pipe Line Company stand in relation to the proposed crude-oil pipeline from Alberta to Montreal?—B.F., London.

The proposal to pipe crude oil from Alberta to Montreal originated with a group of independent oil producers in the west and does not appear to affect Interprovincial greatly. How seriously the proposal should be taken will depend on the supporting data its sponsors can muster. There is in the oil industry an authoritative body of opinion which holds that piping crude from Alberta to Montreal is uneconomic. Certainly, it would seem that if the pro-

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ject were economic, Interprovincial would already have contemplated extending its line to Montreal, which is the biggest refinery center in Canada. As it is, the present westerly limit of Interprovincial line is in the Toronto area.

The Montreal refineries, some of which are owned by integrated companies which also own substantial oil reserves in the Western Canada, are processing foreign crude. This is laid down in tankers on the Maine coast and transported to the Quebec metropolis by pipeline. Montreal refineries are thus in the happy position of being able to buy their crude at world prices whereas they would probably have to undertake commitments at fixed prices to finance a pipeline from Alberta to Montreal.

The fact that the sponsors of the pipeline might accept a lower-than-market price at Montreal to get an outlet for their crude is beside the point. Selective price concessions from the going rate by suppliers are just as abhorrent as government subsidies to producers. The investor, who is presumably the person who would pick up the tab for the proposed crude line from Alberta to Montreal, has a healthy allergy to enterprises not based on going prices for commodities.

Belleterre

I wonder if you could indicate the position of Belleterre Quebec Mines, which is controlled by McIntyre. — P. J., Windsor.

Belleterre is a producing gold mine but the emphasis has shifted latterly to its outside interests. The company is exploring some base metal possibilities in the gold-mine area. It is placing more dependence on its outside investment income in view of the high development charges which are absorbing profits from the gold mine.

Coast Copper

What accounts for the extreme decline in Coast Copper from $14.50 a share to $2.00? Surely the fall in the price of copper can not be entirely responsible. Are they working the property? Should the stock be bought? — M.K., Montreal.

One of the recurring phenomena of the stock market is the way in which Coast Copper periodically takes the bit in its teeth and gallops ahead to price levels which are entirely unrealistic.

The company has outstanding 200,000 shares of which 122,505 are owned by Consolidated Smelters. The latter also held at last report $722,000 of Coast Copper's outstanding $750,000 debentures. These were issued September 1, 1916, and matured September 1, 1926, No interest has been paid on them for many years. It would take a Philadelphia lawyer to at-

tempt to figure out the legal position of the debentures and of the common stock in relation to the prior obligation of the debentures. It is, however, obvious that the company is being kept alive by Smelters.

With so little stock in the hands of holders other than Smelters, big price swings are not to be unexpected. The stock may occasionally have attractions for the speculator who likes to take long chances. Obviously, it has no place in the portfolio of the widow and orphan.

The property itself, on Elk Mountain, Quatsino Sound, Vancouver Island, B.C., is not without interest although it can be considered as having been put back in the deep freezer indefinitely as a result of the bottom falling out of the copper market.

Royal Bank

I was rather interested in your inclusion of Royal Bank shares in your recent "Fifteen best bets in a wobbly market." I was surprised to see any one recommending bank stocks in view of the fact that analysts have traditionally regarded them as a luxury rather than an investment. How come?—B.O., Montreal.

It used to be fashionable to knock bank stocks, one reason being the double-liability feature. This meant that in the event of a bank failure the shareholder faced additional liability to the extent of the par value of his holdings. This feature was eliminated a few years ago and banks split their stocks to widen their shareholder base. In consequence bank stocks today enjoy a broad following of investors.

It is hardly necessary to emphasize that we live in a bookkeeping, fiscal economy in which the bank is a key figure in virtually all transactions between different companies and individuals. Most people use bank services as borrowers, depositors, to cash cheques, interest coupons, etc.

As the economy grows, so grows banking. Royal Bank is an aggressive unit in an expanding industry and is a favorite with investors.

Yield is low and reflects the steady pattern of growth for a continuance of which shareholders are hopeful.

McIntyre Porcupine

What is your view of the importance of McIntyre Porcupine's gold mining interests?—M.C., Windsor.

Although the big news on McIntyre Porcupine during 1957 was the switch of its investments from American holdings into equities in Canadian industry and base-metal mining—Algoma Steel and Ventures—the company is still a big factor in gold mining.

This is emphasized by the expected operation of the Porcupine gold mine's new No. 14 production shaft. The mine

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ALUMINIUM LIMITED

DIVIDEND NOTICE

On January 15th, 1958, a quarterly dividend of twenty-two and one-half cents per share in U.S. currency was declared on the no par value shares of this Company, payable March 5th, 1958 to shareholders of record at the close of business February 4th, 1958.

Montreal *JAMES A. DULLEA*
January 15, 1958 *Secretary.*

SIMPSONS, LIMITED

COMMON SHARES

Dividend Notice

NOTICE is hereby given that a Dividend of twelve and one-half cents (12½c.) per share on the outstanding Common Shares of the Company has been declared payable March 15, 1958 to shareholders of record as at the close of business on February 14, 1958.

The transfer books will not be closed

By order of the Board.

Frank Hay,
Secretary and Treasurer

Toronto, January 17, 1958

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Trinity College School
Port Hope, Ontario

will now be able to draw an increased amount of mill feed from between the 3875 and the 6825 horizons, the locale of approximately 60 per cent of its ore reserves.

While the deep ore runs somewhere better than mine grade, its extraction will involve higher costs as a result of two-stage hoisting.

The Porcupine operation has been running along at a 2,000-ton clip and with grade holding to the average, production for 1957 was ahead of 1956. But the fly in the ointment is the lower average price being received for gold. In consequence, mine operating profits for 1957 may show a decline from 1956 levels.

However, with ore reserves maintained, the outlook for continuance of this already old mine is very bright. McIntyre has been whipping out gold since 1912 and will soon have reached a total production of $250 millions.

In Brief

Is there any hope of Crestaurum developing its property?—B.H., Montreal.

Apparently not while the gold situation is what it is.

Anything new on Dog River Mining Co., Ltd.?—J.K., Toronto.

Still a sleeping dog.

How is Eureka Corp.?—L.T., New York City.

Swamped with water troubles.

What is the status of Falcon Gold Mines Ltd.,—C.H., Newmarket.

The Ontario government strangled its charter in 1948.

How is Hottah Lake Mines Ltd., doing?—L.S., Hamilton.

Not so hot.

What happened to King Midas Mining Co. Ltd.?—B.R., Winnipeg.

Unlike the mythological ruler for which it was named, everything it touched didn't turn to gold.

Has Monte Christo Gold Mines Ltd. any status?—H.V., Vancouver.

None.

What happened to Hedley Monarch? — C.P., Vancouver.

Charter has been restored to good standing by a British Columbia court order; retains claims in British Columbia.

Where does Barvue stand? — K.W., Windsor.

In receivership.

Can you tell me the position of Millions Lake Gold Mining Co. Ltd? — M. R., Vancouver.

Defunct.

Who's Who in Business

John Herbert Smith

Planning For the Future

Capsule Comment: When the news was announced in early September that Canadian General Electric had elected its first Canadian-born president in 33 years, some observers felt it was just good public relations to vote in a Canadian as chief executive of the country's largest electrical manufacturer whose vast majority of stock is held in the U.S. But to those who know 49-year-old John Herbert Smith, it was, as one employee put it, "just good sense to elect him as president".

Congenial and introspective, Maritimer John Smith joined C.G.E. in 1932 as junior engineer; only made managerial ranks 12 years ago. Once in executive echelons, however, he swept through eight positions ranging from sales manager of industrial products to vice president, leaving behind a record once summed up as "brilliant and imaginative". But C.G.E. brass took special note of his star performance when the entire company was being re-organized six years ago. Smith, then a general manager, played an instrumental part in welding a cohesive plan to break up large unwieldy company departments into small efficient units. Now president, he is responsible to the 13-member board of directors as head of an industrial empire with 15,500 employees housed in 15 plants, engaged in designing and manufacturing over 300 products ranging from jet engines to frying pans. Although he admits his is a mammoth task, he has already laid plans to place greater accent on Canadian engineering. "We have the talent here to develop our engineering to a greater degree. I certainly intend to utilize it."

Vital Statistics: Born in Fredericton, N.B., in 1909, Smith's interest in electricity was sparked when he got a battery-buzzer as a gift. After experimenting with the new gadget he proceeded to completely wire the family's frame house — at the age of nine. High marks in mathematics and science led him "without a second thought" into the electrical engineering course at University of New Brunswick. After graduation he was one of two Canadian students accepted by C.G.E.'s one year "test course", but the next year he was told to look for employment elsewhere since there were no jobs available at the depression-struck company. "I searched for weeks and finally a G.E. executive helped me find a job selling the company's products at Eaton's." Six months later the aggressive salesman was taken back to the Peterborough plant where he designed wire and cable.

In 1934 he was shifted to the Toronto sales planning division for three years — then to Hamilton as sales engineer and finally back to Toronto. In 1945, "I got my first real chance when I was appointed sales manager of Ontario for industrial products". (He also squeezed in two years of night school and received his M.Sc. the same year.) Eight years later he was appointed a vice president. After serving as general manager of the appliance department in Montreal for a year, he wound up his tour of experience as general manager of the apparatus department before becoming president.

Attitudes and Personality: Employees remember Smith as the author of countless hand-written congratulatory notes for a job well done. A student of employee relations, he is friendly, soft-spoken and intense — (favorite reading interest: economic science).

He is the first to admit his climb to the top took a good deal of time, and on the basis of his experience he cautions juniors that although success may be slow a man must keep his standard of work high — at all times. "If you can instill your superior with confidence in your performance, some degree of success will eventually come. The only element of luck is timing and the end result has nothing to do with that."

Quartered in a large brown-panelled office at G.E.'s head office in Toronto, Smith prefers the informality of an easy chair to the seat behind his six-foot wide desk to receive visitors and discuss topics ranging from the dialectics of communism to personnel problems.

Living Habits: After his usual eight-hour day Smith reaches his 10-room house in the Forest Hill district via his '55 Monarch or chauffeur-driven company-owned Cadillac where he relaxes by listening to his high fidelity phonograph, reading, or chatting with his wife. But usually evenings are taken up by three hours of work in his den. "I can probably afford this time with greater ease since we have no children, but quite honestly I think that 40 hours of work out of 168 hours a week is too low a ratio for maximum productivity from any man."

Time for his two other interests, golf and fishing, is reserved for his annual three week winter vacation in St. Petersburg, Florida.

The Future: With sales at an all time high (approx. $250 million in '57) Smith is looking forward to an even better year in '58. And while this makes him extremely happy, he is aware the ensuing expansion will require momentous planning in the years to come.

"We believe the use of electricity will double within the next ten years and it is our responsibility to plan facilities to cope with these future needs. As I see it, this is the most important part of my job as president."

Your Taxes

by Garfield P. Smith, CA

Instalment Sales

I operate a retail furniture store. Most of my sales are made on a time payment plan, and I find that at the end of the year I am obliged to pay tax on income which has not as yet been received. It has been suggested, that if I sell my customers' notes to a finance company, I will not only be able to pay my tax, but I will have additional capital for use in my business. Is this my only remedy, or is there a method of deferring payment of income tax insofar as it relates to uncollected accounts?—R.S.R., Toronto.

If you discount your customers' notes with a finance company, you will, of course, obtain cash needed in your business, subject of course, to the discount charges made by the finance company. If you hold your customers' notes until maturity, then not only are you confronted with making other financial arrangements for your business operations, but you have the additional problem of discharging your income tax liability immediately. If the customer pays his account before the year end, or if only a small amount is owing after the year end, then no serious tax problem would appear to exist. However, if the terms of payment do *not* exceed 24 months and a substantial portion of such payments is owing at the year end, then you may be confronted with the difficulty of paying a large amount of tax in respect of income not yet received. The Act provides that where the instalment payments extend over a period which is *greater* than two years, a portion of the profit can be deferred in proportion to the unpaid balance at the end of each year. For example, if a bedroom suite was sold for $500 and the instalment payments extended over 36 months, a portion of the profit could be deferred at the end of the year. If the amount still owing at the end of the first year was $400 that would represent 80% of the selling price. If the profit on the sale were $200 then 80% of $200 or $160 could be deferred. This deferred income will be brought into revenue in the following year and a new reserve could be set up in proportion to the unpaid amount at the end of the second year. Any interest or finance charges could, of course, be brought into income on an accrual basis as earned. Thus, where sales are made on an instalment basis approaching a two-year period, it might be advantageous to consider having a term of repayment extend *beyond* the two-year period. For example, where the instalments consist of 24 monthly payments to be made after the initial deposit, the first payment could be made to fall due five weeks after the date of sale and subsequent payments made to fall due on the same day of each subsequent month. In this way the payments will extend over a period greater than two years.

If the volume of business increases and the same ratio of instalment sales extending beyond two years is maintained, a tax advantage will continue to accumulate. As the sales volume levels off, the tax payable will become more or less equal to the tax that would be payable if no reserve had been claimed. Where business starts to fall off, the amount of income tax payable where the reserve has been claimed will become greater, because in effect, at this point, payments will start being made in respect of the tax deferred in the earlier years. A deferment of tax, however, will always exist as long as a reserve is allowable and claimed.

Quite often, in the first year that the reserve is claimed a loss will arise which will be sufficient to eliminate or reduce the tax applicable in the immediately following years.

The appended schedule shows the tax applicable in each of three years, where a reserve is *not* claimed, and where a reserve *is* claimed, and the resultant cumulative deferment of tax as a result of claiming the reserve.

Tax has been computed at corporate rates for a company whose operations are carried on entirely in Ontario.

	First Year	*Second Year*	*Third Year*
Sales	$50,000	$80,000	$100,000
Merchandise Cost	30,000	45,000	55,000
Gross Profit	20,000	35,000	45,000
Expenses	15,000	15,000	20,000
Taxable Income Before Reserve (A)	5,000	20,000	25,000
Add: Reserve Previous Year	Nil	8,000	12,000
	5,000	28,000	37,000
Less: Reserve Current Year	8,000	12,000	15,000
Net Profit or (–Loss) After Reserve	(–3,000)	16,000	22,000
Deduct: Loss of Prior Year	–	3,000	–
Taxable Income after Reserve (B)	Nil	13,000	22,000
Income Tax before Reserve (A)	1,100	4,400	6,[illegible]
Income Tax after Reserve (B)	Nil	2,860	5,380
Tax Deferred	1,100	1,540	1,470
Cumulative Deferment			4,110

Rates of Tax Presently in Force

Federal 20% on First $20,000 of Taxable Income
plus
47% on Remainder,
minus
9% of Taxable Income earned in Ontario or Quebec.

Ontario 11% on Taxable Income.

Sales Tax

I operate a small dress-making establishment. In the past, I have been paying sales tax on all materials purchased by me. I have since been advised that I am a manufacturer and should take out a sales tax licence and instead of paying tax on materials purchased, I should be charging and paying sales tax on my sales. Is it essential that I apply for a sales tax licence? —Mrs. M. E., Kingston.

Under certain conditions, small manufacturers are not required to take out sales tax licences. The provisions which exempt dressmakers require that you manufacture only to the order of each individual customer and not through agents, travellers, commission salesmen or other dealers, or through a chain of stores. The same provisions do not apply to all small manufacturers, but vary with different types of businesses.

Education

CONTINUED FROM PAGE 9

increased by much. Notice that I say percentage; due to the natural increase in population, the total number is going to increase greatly anyway.

As far as the men are concerned it looks as if we may have available each year, if required, an additional 500 men for our college enrolment. Thus we could probably, if necessary, increase our men's first year enrolment by about 3 percent. This, of course, would be in addition to the large increase that will result anyway from the natural increase in population.

We should notice here the grave danger in drawing conclusions from statistics that have not been broken down into detail. It is true that we are enrolling in college only about 50 percent of the people intellectually capable of doing college work with profit, but when we break this down between men and women we find that we are enrolling 80 percent of the available men. This is a very high percentage indeed and is the only one to be considered if we are looking for more engineers by increased enrolment. In the same way it is true that we are enrolling only about eight percent of the age-group 17 to 22 but when this is broken down we find that we are enrolling 12 percent of the men, which is coming very close to the 15 percent which represents those capable of university work.

If no change occurs in the percentage of the population attending college, what will happen to college enrolment in the next ten years?

The great increase in high school population and in University enrolment that took place even in the years when the general population was falling was due to a great change that was taking place in social thinking and philosophy. This change has pretty well satisfied itself now and unless college entrance requirements are changed drastically the increase or decrease in college enrolment will in future depend almost entirely on the number of births 17, 18 and 19 years previous to the enrolment year. Some small part of the change will also depend on the balance of migration.

It is obvious that most of this increase can be foretold many years in advance. *Thus if we consider only the increase in births between* 1938 *and* 1950 *we find that as a result of this increase the total college enrolment will increase by* 50 *per cent between* 1957 *and* 1967.

It is interesting to note that over the same period, 1957 to 1967, the total population of Canada will have increased only 32 percent. This provides a pleasant natural surplus of enrolment over population-demands to take care of calls on our supply of graduates other than those demands coming directly from population increase.

Will the present percentage of population attending college be maintained?

It probably will if two conditions are met.

(1) The colleges will have to expand their staffs and buildings to accommodate the natural increase of 50 per cent during the next ten years. Otherwise we cannot educate in our colleges the same percentage of the population that we are now enrolling. To do this the colleges will have to have a great deal of money.

(2) Financial assistance on a large scale will have to be given to students to help them meet the constantly increasing expense of attending college. This may be done through scholarships, bursaries or loan funds or by subsidising the colleges so that they can reduce the cost to the student.

We hear much about increasing the percentage of our population that is attending college. It is obvious from the preceding paragraphs that the percentage at present is good and that due to the natural increase of 50 per cent that will take place during the next ten years we may well have difficulty in maintaining the present percentage, let alone increasing it. It must be remembered that the present percentage, if maintained, is going to give us a very large increase in college enrolment anyway.

Will the natural increase of 50 *per cent in college enrolment during the next ten years satisfy our need for professionally trained men and women?*

The need for and capacity to use professionally trained people will be mainly affected by the following changes.

(a) An increase in population will obviously call for more teachers, doctors, etc. The increase in population itself generally satisfies this demand.

(b) Advances in technology may make sudden and unexpected demands. If the percentage increase in college enrolment is greater than the percentage increase in population at least part of this demand may be met by this natural surplus.

By 1967 our college enrolment should have increased by at least 50 per cent while our population will have increased by only 32 per cent. Possibly this natural surplus may meet the demand.

(c) Rising standards of living increase the capacity to use the services of professionally trained men and women. If the rising standards of living are accompanied by advanced social thinking the increased demand may be very great.

This demand must also be met by the natural surplus mentioned in the preceding paragraphs.

If the natural surplus will not meet the demands in paragraphs 'b' and 'c' there are three courses open to us.

(1) We may try to increase the percentage of the population attending college. This is the solution most generally put forward. The limited source of additional enrolment has already been discussed and the difficulty of maintaining even the present percentage has been explained. To increase the percentage may be impossible and at the best is a very doubtful procedure.

(2) We may scrutinize carefully our present use of professionally trained people and become much more efficient in their use.

The Association of Professional Engineers of Ontario says there is no overall shortage of engineers but that there is a shortage of trained technical personnel and that industry is requiring engineers to perform a multitude of tasks that should properly be done by persons with lower qualifications.

This information comes from the people who really know and hardly agrees with the extravagant claims one hears made about the shortage of engineers. Probably the same situation exists in many other professions.

(3) We may estimate how much professional manpower we can afford to use to satisfy the demands of a rising standard of living and of advanced social thinking; and then, if necessary, modify our demands.

To answer the question, "Will the natural increase of 50 per cent in college enrolment during the next ten years satisfy our needs for professionally trained men and women?" Probably it will, but only if we scrutinize the use of such personnel carefully and recognize that we cannot always afford in manpower what we have plenty of money to buy. As far as professional personnel is concerned we must learn to live within our means.

So much for college enrolment. But since this is an educational stocktaking we might as well dispose of two or three common misconceptions that have frequently appeared in arguments dealing with college enrolments and shortages of professional workers.

The first misconception arises as part of the argument about the claimed shortage of engineers and scientists. It is that not enough of our high school pupils are taking science. This misconception may easily arise from failing to break down general statistical figures into detail.

In examining the matriculation results of one high school in a large city I find that only 43 per cent of the pupils were in strictly science courses. But when I break these figures down between boys and girls I find that 64 per cent of the boys matriculated in science courses. In looking over the enrollment in all the other high schools of the same city I find that approximately 75 per cent of all the boys enrolled in matriculation classes are tak-

CONTINUED ON PAGE 36

Festival

CONTINUED FROM PAGE 17

country to the athletes of the many different nations comprising the Empire and Commonwealth family, is regarded as a great honor.

The British Travel Association, official information centre in Canada for Wales, has made available the programs of both the Festival and the Games in a free special "Holiday in Wales" planning kit—which also includes a guide book, map, general travel information and helpful facts on transportation and hotel accommodation. This can be obtained free of charge by writing to B.T.A., Dept. W. F., at 90 Adelaide St. W., Toronto.

Teams for the Games will come from Canada, Australia, British Guiana, Brunei, England, Ghana, Gibraltar, Hong Kong, Jamaica, Kenya, Mauritius, New Zealand, Nigeria, North Borneo, Northern Ireland, Pakistan, Rhodesia, Sarawak, Scotland, Singapore, Sierra Leone, South Africa, Tanganyika, Tonga, Trinidad, Tobago, Uganda and of course, Wales.

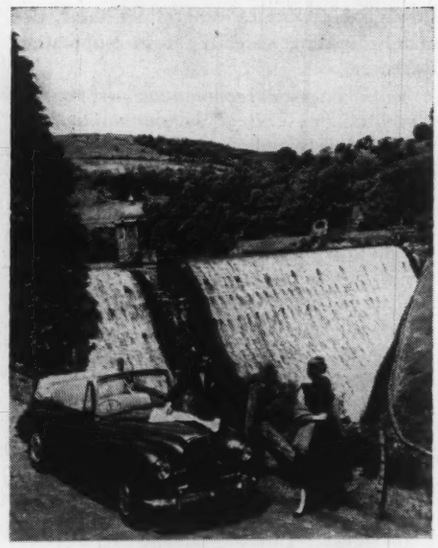
Main events of the Festival will include long-established annual festivals so widely renowned for their appeal to the heart and mind and for their hospitality to all who come from far and near. The oldest cultural festival, the Royal National Eisteddfod, will be held during the first week of August in Ebbw Vale.

The idyllic Vale of Dee and the little town of Llangollen will stage the 12th annual International Musical Eisteddfod from July 8-12, and the organizers of this unique contribution to international friendship through song and dance have pledged themselves to provide their most colorful programs yet.

Bangor, on the shores of the Menai Strait, will be the home for three days (July 23-25) of the "Royal Welsh," the premier agricultural show of Wales. Urdd Gobaith Chymru (the Welsh League of Youth) will hold its annual Eisteddfod attended by thousands of young competitors at Mold, Flintshire, from May 28 to May 31, and will salute the Festival by staging a pageant depicting its own stirring story.

Within the ruined castle of Pembroke, fittingly, the story of Henry Tudor will be portrayed. Ancient Caernarvon and Harlech Castles will also have pageants within their towering battlements.

Altogether, this summer will be a great time for seeing Wales, and every visitor to Cardiff, Aberystwyth, and other important Festival centres, will be invited to inscribe his or her name for inclusion in a Golden Book of Welcome. This book will eventually be housed in the National Library of Wales at Aberystwyth, a book to be treasured by posterity as a record of a golden Welsh year — 1958, year of Gwyl Cymru, Festival of Wales.



Tourists pause at the Pen-y-Gareg Dam in the lovely Elan Valley of Wales.

Investors

CONTINUED FROM PAGE 18

A fund is maintained to redeem participants' holdings;

The investment grows in value as the mortgage decreases;

Economic inflation would be reflected in higher returns and increased value of the property;

Economic deflation would have to cause a market value decline of $478,000 over 25 years before participants would suffer a capital loss.

Tax benefits. Against 17.1% total gross income, depreciation is allowed at 5% of the undepreciated value of the building. This, in turn represents about 13.6% of the $275,000 actually invested in the building. Taxable income, therefore, comprises only about 3.5% of the participant's actual receipts.

It all sounds almost too good to be true — a return of 17% taxed at 3.5%, protection against inflation, protection against deflation, refunding if you want out and all the troublesome problems of management handled by a trust company.

It is entirely probable that a new, modern apartment building close to the downtown area of Toronto will be a good money earner for the immediate future. What is not so clear is whether it will remain a high money earner for the next 25 years. Changing living patterns, obsolescence because of new building materials and techniques, poor management and a host of other factors could change a high revenue producing apartment to a low, or non-revenue producing apartment.

In any investment, the consideration second only in importance to the value of what you want to buy is whether you can sell it again. In other words, is there a market for your investment?

So what about an investment in the Parkdale Investment syndicate, the current offering of the REST plan? If after you've bought one or more units, can you sell them again?

You could try to sell them privately. This, for the average person not too familiar with either real estate values or investment dealings, could be difficult. Or you could call on one of the advertised features of the plan to redeem your units for cash.

In this regard, the promotional material has this to say:

"A fund will be held by Guaranty trust Co. of Canada for the purpose of converting your holdings into cash whenever necessity arises. This does not mean you have a 'guaranteed equity certificate'—there could of course be no such thing—but it does mean that there exists a ready made and immediate market at the original purchase price for any normal selling requirement."

But the Declaration of Trust by the trust company doesn't paint quite so rosy a picture. It says:

"The Trustee acknowledges that . . A. H. Rushforth and Co. Ltd. will have deposited with Guaranty Trust Co. of Canada, a sum equal to no less than 10% of the total original sale price of all the Units of Participation (herein referred to as 'the Fund') which is to be held by it for a period of five years from the date of this Declaration of Trust. Any participant wishing to sell one or more of his Units of Participation shall submit to the Trustee a transfer in the required form made out to the Trustee. The Trustee shall thereupon pay the Participant from the Fund the amount per Unit of Participation . . . at which the last bona fide sale . . . took place whether this be more or less than the initial purchase price . . ."

So far, so good. But the Declaration of Trust after stating the original price will be paid if there has been no prior sale, goes on to state:

"A participant shall not be entitled to sell . . . unless the Trustee has in the Fund sufficient monies to cover the whole of the purchase price and the number of Units of Participation which shall be purchased by the Fund at any time from any participant shall be subject to the Trustee's discretion . . ."

In other words, the trustee is under no obligation to redeem your units, and any market that does exist because of the Fund, exists for only five years. So while it's an easy investment to get in on, it may not be so easy to get out of if things don't happen to go as rosily as the promoters predict.

There is another aspect to buying into the Parkdale Investment Syndicate which may seem strange to investors. The purchaser of a Unit of Participation receives no document attesting to his participation. There is no record in a registry office and

he is not protected under the Land Titles Act. Instead a register is maintained by the Guaranty Trust Co. This is the sole record. The legal position of a participant in dispute with the Trustee may not be too clear.

The reason the participant receives no document goes back to an earlier promotion by Rushforth that fizzled. This was the Deer Park Investment Syndicate.

Deer Park was the first REST plan promotion. Advertising early last December stressed 8.4% return on 350 units of participation valued at $1,000 each.

The emphasis on participational units in real estate equity investment, however, caught the attention of the Ontario Securities Commission. The Commission's opinion was that such units were securities within the meaning of the Ontario Securities Act and would have to be registered as such before they could be advertised. A significant factor here was that the buyer of a unit of participation received a certificate stating he was the owner of a certain number of units. These certificates the Commission viewed as securities.

The Commission says that after declaring its opinion to Rushforth, advertising for Deer Park was stopped and the whole plan dropped.

Rushforth, however, says the Commission had nothing to do with the failure of the first deal to go through. He says he wasn't able to get an option long enough to complete all necessary details for the deal.

In any event, when the second promotion, Parkdale Investment Syndicate, advertised for public subscription, the controversial certificates were conspicuously absent. Obviously, if there is no certificate attesting participation there is no document which could be considered a security within the meaning of the Ontario Securities Act.

The question, of course, is why try to circumvent the Ontario Securities Act?

There are a number of requirements for securities registration which could be viewed as reasons to try to escape the provisions of the act. For instance there's the matter of expense. It costs at least $300 for a company to prepare and file a prospectus.

Time is also a factor. It may take several months to prepare a prospectus, submit it and have it approved by the Commission. Marketing securities is also a problem. A securities salesman, for example, is not allowed to hold any other job. Since the syndicate is not incorporated it can't qualify as a securities issuer and have its securities marked by other licensed dealers and salesmen. Because of tax aspects it doesn't want to be incorporated.

Whatever the reason, The Parkdale Investment Syndicate will not be subject to the rigid policing of the Securities Commission.

Anniversary for a Poet

CONTINUED FROM PAGE 15

There were more than thirty of them, he recalls, and even the smallest shift in the whole malevolent pattern might have altered or modified the disaster. In the end he wrote *The Titanic* which is at once a dramatic narrative and a study of the balanced forces of creation and destruction.

Like all Pratt poems, *The Titanic* was written end first, on the sound principle that a dramatist must make sure of an effective Third Act.

"And out there, in the starlight with no trace
Upon it, of its deed but the last wave
From the "Titanic" dretting at its base
Silent, composed, ringed by its icy broods,
The gray shape with the paleolithic face
Was still the master of the longitudes."

Like all his poems, too, it is filled with concrete and closely detailed imagery. This is a point on which he has always been strongly insistent, and when writing a long narrative poem he often finds himself as deep in factual research as though he were writing a three-part novel. There is, for instance, this passage from *The Great Feud:*

"Oleanders, roots of taro,
With ginsing and dried kauri cones
Had changed the substance of their marrow
And alternated growls with groans.

Hyaenas forced-fed on salt-bush
With sago palms and tapioca,
Wailed so loudly that they woke a
Pack of wolves from Hindu Kush . . ."

On this occasion, unfortunately, Pratt failed to check up with his usual thoroughness. "Doesn't the poet know that tapioca is a processed food and that it would take a hyaena to smell it out?" a reviewer wrote irritably from Scotland.

Pratt admirers are often baffled by the paradoxical qualities revealed in such poems as *The Witches' Brew* and *The Great Feud,* with their mingling of the apocryphal and the skittish, the colloquial and the inspired. Occasionally, too they find it hard to reconcile the long savage passages in such poems as *Brebeuf and His Brethren* with the unshakeable affability of the poet himself. ("Ned is so kind-hearted he makes Santa Claus look like Scrooge" a friend once remarked.) E. J. Pratt, on his part, is sometimes a little bewildered by the symbolisms that admirers insist on dredging from the obscurer passages. He tends to go along with this amiably, and admit that the Lord of Life may conceivably be the Creator Himself in the guise of Cachalot and that Tyrannus "the huge blood-sucking dinosaur" may indeed represent the Saviour of the World. Actually his imagination is so steeped in the imagery of the Old and New Testaments and so aswarm with the wonders and prodigies in the waters under the earth, that he is never prepared to classify dogmatically the images that emerge in his verse.

If the blend of antic and mystical in the Pratt temperament sometimes bewilders his readers it never fails to delight his friends. One of these recalls a dinner the poet arranged in honor of his friend Dr. Pelham Edgar. It was to be a poetry evening and after dinner Dr. Edgar read aloud passages from Shelley. Later on the host took over and gave a pantomime recitation of Yeats and the Isle of Inisfree. It was a memorable production, and the guests still recall with pleasure Pratt's interpretation of the bee-loud glade and the sight of their host, his round face beaming, his blue eyes bright with reverence and enjoyment, as he skipped about the room carefully planting nine bean rows up and down the rug.

Some years ago Dr. Pratt retired from his position as head of the English Department at Victoria University. His study is reserved for him however and he is still a familiar figure about the college, while the legends that he created or that were affectionately invented about him continue to flourish.

There is the story of how he delivered a carefully prepared lecture without realizing till he reached the end that he had delivered exactly the same lecture the day before; of the morning he suddenly whisked a walrus tusk from his brief case and set it on his desk as an hour-long object lesson on the value of the concrete; of the day he almost set fire to the Women's University Club by leaving a smouldering pipe in his overcoat pocket in the Ladies' Cloak room; and of the morning that Mrs. Pratt reminded him, as he was leaving for the University that he needed a new overcoat. "The one you are wearing is getting terribly seedy," she pointed out. . .

"Ned, I don't mind your taking my overcoat," the Chancellor wailed plaintively, later in the day, "But I wish you'd get the pockets mended. Three golf balls dropped out today when I went to lunch."

CONTINUED FROM PAGE 33

ing courses leading to a science matriculation.

When we consider the special aptitude in mathematics essential for success in science it seems probable that there are more boys enrolled in science classes than there should be, rather than too few.

The second misconception is about the subjects being taught in our schools. The claim is that the old traditional subjects are no longer stressed and are in fact disappearing. The truth of the matter is that, whether for good or bad, the basic subject matter being taught in our schools remains much the same as that of 50 years ago. The main change has been to introduce high school courses suitable for those pupils whose academic ability is such that they get no benefit from trying to do certain of the regular college entrance subjects. However, the subjects taken by this year's college entrance candidates in Canada are almost exactly the same as those taken for the same purpose by my generation 50 years ago. The main difference is that the examinations are much harder now. The standard in some subjects now attained by the upper quarter of our college matriculants would have been considered satisfactory in my day for a student at the end of his first or even second college year.

The third, and last, misconception is about the supply of teachers. It is commonly said that people are not going in for teaching the way they used to.

This is not true.

In 1921 we had in Canada one teacher for every 33 pupils; in 1956 we had one for every 26. This means that in 1956 we used 23,000 more teachers in our schools than we would have used had we been content, or obliged, to staff them according to the teacher-pupil ratio of 1921.

A larger proportion of our population is entering teaching now than at any time in our history. One person out of every 138 is a teacher; in 1921 the proportion was one in 153.

If a school board cannot go out and pick up all the teachers it wants at any time, it howls about the teacher shortage. The shortage in large centers is more often of classrooms than of teachers. Present any of our large city school systems suddenly with 100 additional teachers and they would be acutely embarrassed to find jobs for them.

If the present improvement in salaries and working conditions continues and if full use is made of the material that we have at hand we need not worry too much about teacher shortage.

It is good that all these controversial subjects can be discussed freely and openly, but the ease with which publicity can be obtained and the wide audience provided by radio, television, and the press makes this old warning more important than ever, "Get your facts before firing".

Middle East

CONTINUED FROM PAGE 13

society was a hard one, led Arab leadership to express its resentments in a deepening xenophobia, a rejection of much of the West, and a particular focusing on the Jews of Palestine as a symbol of Western betrayal of Arab hopes and the promises allegedly made to them as part of the campaign against the German-Turkish alliance of World War I.

Meanwhile the pressures on Britain in Palestine had risen greatly, even before Hitler marched, due to the immense tragedy the Third Reich had wrought on Jewish life in Central Europe,—itself only a slight foretaste of the holocaust to come. Illegal immigration into Palestine accentuated the difficulties for the British administration, but in turn the British alienated Zionist and Jewish opinion by the repressive White Paper of 1939 which, in the face of this onrush away from Central Europe, closed the doors and made illegal immigration inevitable. And, surrounding these pre-World War II circles of trouble, ever in motion, was the vague but broadening shadow of the Soviet Union, speaking with two voices, one the traditional cry of Czarist Russia for access to the warm Mediterranean, the other the new shriek of Communism, offering a way to restore peoples and providing formulas and methods of subversion so as to capitalize, for Communism, on the forces of local nationalism.

World War II provided a number of lessons that sometimes are forgotten even today. For so confused had become the Arab objectives that some leadership in Egypt, Iraq and Syria was prepared to accept Hitler and his victories if it would mean an end to Anglo-French supremacy. So the day of Western control fast was disappearing, but by a harsh paradox, Western dependence upon this area for bases and for oil had grown almost monstrously. Then too there was a new enemy in the global re-organization of power. The Soviet Union instead of Germany and Japan appeared as the foe of Europe and North America. But this was a different kind of enemy. For now ideology had replaced a frontal attack by arms, but an ideology backed by the immense manpower of the largest land empire in the world.

When in 1947 the British decided that they would withdraw from the Palestine Mandate, this too added to the potential for convulsion which underlay the whole region. Then came the United Nations' interventions with its inquiries and its recommendations of partition, bitterly resented and rejected by the Arabs; and, finally, the Arab march into British Palestine on the eve of the British departure, in a fatal effort to forestall the creation of the Jewish State. And so Israel was born — a courageous minority that must be given credit for establishing itself in the face of very great obstacles. But at the same moment less desirable children of destiny were also born: the Arab refugees, the hatred and resentment of Israel's neighbors smarting under their defeat and bitter in their refusal to accept the existence of this non-Arab society in their midst.

Today we can look back on ten years since the founding of the State of Israel and see it as only part of a much larger and complex series of problems besetting the region and indeed the world as a whole. For the cold war has grown into a permanent feature of global politics. The Soviet Union has successfully found indirect outlets to the Mediterranean by acquiring client states in Syria, in Yemen and to some extent in Egypt. The Anglo-French failure at Suez has led to the United States replacing the already diminishing power of its two NATO allies in the Arab world; and, within the lands of Arabia and Egypt, new social changes have taken place. On the surface they appear to be changes of regimes, but underneath are economic demands and social needs that governments are finding increasingly necessary to meet if they are to survive.

It would be a mistake, therefore, to view our Middle Eastern problems as deriving directly from the special relations of Israel to her neighbors. It cannot be too strongly stated that the history of the region to the West, and now to the Soviet Union, render it unlikely that if Israel were to disappear tomorrow any long-term changes would take place in the basic attitudes of the present regimes in Syria, in Egypt and elsewhere toward Britain, France and the West in general.

Nevertheless, since oil and bases and turmoil are of deep concern to us all, it is time we tried to bring to bear perhaps even a Canadian initiative on some of these critical issues. If the historical perspective, and the assumptions about the nature of the problem are as I have set them out above, then certain conclusions as to what may be done, should follow. 1. I would urge, with George Kennen, that we recognize that our relations to the Arab world are likely to be very complicated for many years to come, that there are no easy solutions whereby they may achieve internal stability while we may hope for an easier external equilibrium in their relations with us. But our bargaining position must be improved and this we can do by a number of tough and realistic decisions. The first is that we ought to find every possible means by which to decrease our dependence upon Arab oil. The Suez crisis showed that this is not too difficult to do and we were all surprised at the extent to which reallocation was possible, from North and South America, Iran and the Gulf, to

meet the needs of Western Europe and the United Kingdom. This policy, which would require careful co-operation between governments and producers, would undoubtedly make Arab leaders in the oil producing and transit states much more tractable. Nor are they likely to find a new market in the Soviet Union because the Russians will not pay in dollars or sterling and the monarchs and presidents who sell and transport the oil desire nothing less.

2. We must re-examine the nature of our economic relations with the Arab peoples and the spirit as well as the conditions under which we give them capital and technical assistance. Just as some of our earlier givings may have been too restrictive so our new offers must not be overly generous out of panic. We should use technical and capital assistance as an instrument for bettering the lot of the Arab peoples and for persuading them of our intrinsic good will. This will mean very low interest loans for projects which are largely decided upon by Arabs themselves in consultation with us. It means not expecting the Arabs to join our side because of aid but, if they cannot join us, then to have them behave with a real and decent neutrality, going their own way without harming ours.

3. We must re-establish the tradition of Young Arabs coming to the West in large numbers for their studies. Scholarships should be provided so that a generation can grow up that will have something of the feeling for Harvard, Columbia and Chicago, McGill and Toronto that other generations of Hindus, and Pakistanis, of Burmese and Singhalese have felt for Oxford, Cambridge and London.

4. We should bend every effort to bring moderate Arab leadership to accept the theory that Israel is here to stay and we must, at the same time, encourage Israel and the Arabs to find some lasting settlement to the tragedy of the Arab refugee. Here the Dulles proposals of August 1955, which promised international assistance to Israel to pay compensation to the refugees and which expected Israel to take back sufficient numbers to re-unite families, could become a proper basis for getting the refugee problem out of the *cul de sac* of stalemate where now it rests. Yet unless anyone desires the liquidation of Israel — and here I presume that no rational position could contemplate this as an objective of Western policy — the great bulk of the refugees must be re-integrated in those Arab lands where culture and language makes that problem of re-settlement probably a good deal easier than most major refugee situations that we have experienced in the past two generations.

5. We must find a way of insulating the borders of Israel and her neighbors so that the sparks of raid and retaliation will no longer be struck in the night to engulf a whole region in flames. This can be done only if the great powers are prepared to have two lines of policy; to assure the general territorial *status quo* and to seek with Israel and her neighbors reasonable border rectifications for limited but necessary strategic, economic or humanitarian purposes. It is idle, however, in my opinion, to ask — as the Russians, now joining with the British, have done — that the border problem be reconsidered in the light of the 1947 U.N. resolutions. For those resolutions contemplated a Jewish State and an Arab State, with economic union between them. The Arab-Israel war and the armistice which followed, destroyed the U.N. partition plan forever. The Gallilee which in part was to be Arab and the area west of the Jordan now in Jordan's hands, were all to comprise a new Arab state in Palestine. Jordan will not give up the bulge, nor Israel the Gallilee, while the restoration of an Arab Palestine would open the door for new and bitter rivalries between Syria and Iraq for influence and control.

All of this is relevant to a meeting at the summit which is likely to come before the end of 1958. We should not encourage statesmen to dispose of the territories of little states as the leaders sit on a private political peak and deal out the cards. But can we afford to wait until Syria and Egypt feel themselves strong enough to try to attack Israel, or before Syria and Egypt again seek the collapse of Jordan, or before Turkey finds Russian infiltration in Syria unbearable? The United States, Britain and France, with reasonable co-operation from the Soviet Union must find the means to apply new rules of the game to regulate this dangerous playground.

CF-100

CONTINUED FROM PAGE 11

sive effort was characterized from start to finish by colossal frustrations, many of which were attributed to the between-wars state of our aircraft industry. Not uncommon was the experience of the Canadian Car and Foundry Company Limited.

In 1938, Can-Car's Aircraft Division at Fort William received from the British Air Ministry a contract to build 40 Hawker Hurricane fighters. It was an order for airframes only; 10 Rolls-Royce Merlin engines were supplied to facilitate flight-testing. When the first Canadian-built Hurricane took to the air on January 9, 1940, Can-Car's supply of Merlins was still limited to 10 — and Britain's feverish efforts to fight the new war forbade the export of any more. Fort William workers kept building airframes, fitting the precious engines for flight-testing, removing them, then shipping the engineless fighters to the war zone. Eventually, Packard in the U.S. was prepared to supply Merlins, and Canadian production of Hurricanes reached 1,600. The Detroit-copied engines later were used in Canadian models of the de Havilland Mosquito fighter-bomber and the Avro Lancaster heavy bomber.

Another incident serves to illustrate a different aspect of our peculiar production situation. When the Japanese entered the war in December, 1941, there was imminent danger of air attack on the Canadian West coast. Japanese bombers were based in the Aleutian Islands, and the RCAF had nothing to stop them. Urgent representations were made to Washington, but the U.S. had suspended exports of combat planes. Finally, agreement was obtained for the release of 12 obsolete Curtiss Kittyhawk fighters. They were inadequate, but they were all there were. It was not until months later that reinforcements were provided, in the form of Hurricanes from Fort William. They were the property of the British Government, and had been consigned to Russia. Britain declined to release them, whereupon the hard-pressed Canadian Government simply commandeered them.

It was natural, under these circumstances, that at war's end the erstwhile Minister of Munitions and Supply should regard with sympathetic interest a scheme for the establishment of a self-sufficient Canadian aircraft industry. But C. D. Howe was also skeptical: the time could hardly have been less propitious. Air Marshal Robert Leckie, RCAF Chief of Staff, was not hopeful: his service, in the throes of demobilization, was not in the market for aircraft. But the determination of Sir Roy Dobson prevailed, and he was able to purchase the war-surplus Victory Aircraft plant at Malton. Less than a year later his A.V. Roe Canada Limited was translating into design detail that formidable specification which was to become the CF-100. Concurrently, it was planning the complex jet engine that was to power it.

Contrary to public opinion, the CF-100 was not Canada's first fighter of original design. That distinction belongs to an exceedingly handsome little single-seat biplane known as the Gregor. A prototype was built shortly before the war by Canadian Car and Foundry Company Limited at Fort William, but by this time the biplane fighter had ceased to be fashionable, and the RCAF placed no production order. The thoroughly conventional, low-powered, lightly-armed Gregor was a toy compared with the CF-100 — as Mr. Howe and his colleagues were to learn with mounting dismay. By the time the first CF-100 flew on January 19, 1950, the government had poured more than $120 million into Avro. Production costs, covering 600-odd aircraft, have been added at least another $420 million.

But if there were difficulties and de-

lays in early design and development, they were paltry compared to the problems encountered later in the CF-100's production phase. That Avro's top executives, both here and in Britain, were gravely concerned with these events — and felt particularly sensitive about anything that might influence public opinion at this critical juncture — was made plain to me in the autumn of 1951. I had been assigned by Toronto *Globe and Mail* to make a study of our rearmament program, with particular reference to RCAF progress toward expansion. My persistent inquiries at the Avro plant brought unexpected results. Arrangements were made for an Avro delegation to confer with my employer, Oakley Dalgleish, then the newspaper's editor-in-chief and now its publisher.

I was summoned to Mr. Dalgleish's office to meet an illustrious assembly: T. O. M. (now Sir Thomas) Sopwith, aviation pioneer, renowned yachtsman and chairman of the board of Britain's Hawker Siddeley Group of aircraft and allied companies; Sir Roy Dobson, managing director of A. V. Roe in Manchester, England, and founder of A.V. Roe Canada Limited; J.S.D. Tory, Toronto corporation lawyer and an original director of A.V. Roe Canada, and Fred T. Smye, a wartime director of aircraft production, first employee of A.V. Roe Canada, then the company's assistant general manager and now president and general manager of Avro Aircraft Limited. They wanted to be sure that, in reporting Avro's part in the rearmament program, I got the facts straight. My editor-in-chief agreed that their request was reasonable.

The deletions, additions and revisions suggested by this by-times-spirited meeting aided materially, I think, in presenting a balanced picture of the Avro effort.

Some light is shed on the problems by a detailed report assembled by the Defense Production Department in the spring of 1952. When I obtained this document some years ago I was impressed by the word Secret printed in block letters and stamped in red ink on the first page. Until now, when legitimate limitations of security no longer prevail, I have refrained from going deeply into the contents. Considered in the context of what has already been reviewed of the history of Canadian aircraft production, parts of this report merit examination.

In August, 1948, eight months after Avro had started to build two prototypes of the CF-100, it was found that the British radar gear originally specified would not be available in time to meet scheduled production dates; U.S. radar was substituted.

In November, 1949, as prototype production continued, an improved type of U.S. radar was specified and the armament specification was changed. Plans to equip the CF-100 with four British-designed Aden 30-millimeter revolver cannon were abandoned; the weapon was not yet fully developed. Eight U.S.-designed .50-calibre machine guns were substituted.

Between August, 1948, and April, 1950, the engine specifications of the aircraft were changed three times.

In September 1950, a further improvement in U.S. radar was specified and rocket armament was ordered to replace the machine guns.

In March, 1951, there was another substitution of radar.

On October 17, 1951, in a well-attended, well-publicized ceremony at Malton, the RCAF received its first CF-100, the fourth off the production line. Two months later, it was returned for major modifications. Testing had revealed deficiencies in the original design. The main spar was so flexible under pressure that sections of the wing's metal skin tended to buckle and rivetted panels were forced loose. The rectification of this fault delayed production four to six months.

Even without this complication, there were substantial difficulties in programming efficient production.

In October, 1946, two prototype aircraft were ordered.

In May, 1949, 10 pre-production aircraft were ordered, to be delivered at the rate of one a month.

In June 1950, 50 were ordered, at one a month. Hostilities in Korea changed the requirement.

In September 1950, an additional 124 were ordered, at five a month. The cold war seemed to be growing warmer.

In February, 1951, the order was raised to 720, at a delivery rate of 25 a month.

An Avro executive of the day admits: "We never knew from day to day what we were supposed to do."

It was not until April 1953, that the RCAF's first CF-100 squadron was formed, and not until November, 1954, that the ninth — achieving the planned level of our home-based air defense force — came into existence. Their CF-100's were various models, with various combinations of armament and radar. By last year, standardization had been reached. All were flying the ninth and newest model, the Mark 5.

It has been a tortuous trail from Jenny to Vedette to Gregor to Hurricane to CF-100. It has been a journey without benefit of reliable maps. Can anyone say, at this crossroads, whether it has been worthwhile?

This summary of the CF-100 saga was penned by an Avro-employed essayist: "The job has never been simple. Often funny, sometimes tragic, occasionally with that odd exhilarating wrench of recognized greatness, but never simple."

The noted trail-blazer, Crawford Gordon Jr., president of A.V. Roe Canada Limited, applies logic: "The most successful program of research and development is one of continuous effort, not one of opening the valve when an emergency arises. This cold, hard fact also applies to production facilities. Experience has shown that it is infinitely cheaper to stay prepared. You can't get production by simply turning on a tap."

Avro is now well advanced on another difficult project: developing a successor to the CF-100. The 1,500-mph, delta-wing CF-105 is to the CF-100 approximately what the CF-100 was to the Hurricane. Upwards of $200 million has been spent in bringing the CF-105 to the stage of first flight. It will be at least two years, and probably more, before the aircraft is ready for service. In the meantime, regardless of whatever other shortages may occur, there will be no shortage of challenge for A.V. Roe Canada Limited.

Skulduggery

CONTINUED FROM PAGE 7

November, 1955.)

The program enunciates a principle called full, true and plain disclosure. What it means is that the exchange will require more information be made available to it before it will sanction any material change in the company's affairs. Material change refers to:

A change in the nature of the business of the company;

A change in the board of directors or the principal officers of the company;

A change, to the knowledge of the company, in the beneficial or registered share ownership of the company which is sufficient materially to affect control;

The acquisition or disposition by the company, in one transaction or in a series of similar transactions, of any mining or oil property or interest, or of shares or other securities in another company, at a price in excess of $25,000, payable otherwise than in shares of the company. Transactions involving shares of the company are covered by another section of the TSE regulations.

The requirement to provide this additional information does not apply to all companies listed on the exchange, however. Currently, about 750 of the 1,100 companies listed are exempt. The 350 listings which must meet the new requirements have been selected, exchange officials say, from industrial, oil and metal issues and include most promotional issues of the "cats and dogs" variety.

When a company which has not been exempted from the new regulations wants to effect a material change it will apply for permission to the exchange. The exchange will forward a 19-point questionnaire designed to reveal pertinent aspects of such a transaction. If the answers are acceptable to the exchange, it sanctions the deal; if not, it vetoes the deal. Defi-

ance of the exchange will result in delisting.

The exchange will not reveal which companies have been exempted from the new regulations. Nor has the exchange committed itself to notifying the public whether a company has filed an acceptable reply to the questionnaire.

The Toronto Stock Exchange's official statement says the exchange's board of governors "shall have the right to either accept or not accept the notice for filing and in case of non-acceptance the proposal shall not be proceeded with, otherwise the shares of the company shall be removed from the trading list. If the notice is accepted for filing, the Board of Governors shall give prompt notice thereof to each member of the exchange and may give notice thereof to the press."

In short, the exchange will tell its members what new deals are cooking but will not necessarily tell the public.

Brokerage houses that emphasize the ethical and public spirited aspects of the business tend to be happy with the rules.

"We can see now that this is the sort of thing we should have done a while ago," one said. "It's too bad we all had to suffer because of some undesirable influences in the business."

But those most directly affected in the business are the promoters and financiers. Their involvement hinges on the functions of the Toronto Stock Exchange as both a primary and a secondary market—a virtually unique combination for a major exchange.

A primary market is essentially a financing market. It is the market which promoters and financiers use to sell relatively unproven stocks — often penny mines and oils—to raise money for exploration, development and similar purposes. A secondary market is the only type of market maintained by most major stock exchanges. On this market are securities of relatively proven companies that have already been through primary financing markets.

Both types of markets are useful and necessary. But confusion can easily arise when the two types are combined in one marketplace. An investor may think he is buying seasoned stock where actually he buys promotional stock. Critics of the TSE claim this combining of the two markets is a major source of its present troubles.

The new rules are a step toward dealing with this problem. And that is why promoters and financiers are worried. The worry is time.

A promoter, to be successful, must raise money when the market is right. If he follows the rules, he obtains permission from the exchange for a financing scheme to purchase a new property, for instance, and then sells shares to the public at the going price. Exchange regulations call for the promoter to obtain the exchange's permission to obtain stock from the company's treasury at a discount of as much as 25% from the market price. If there is a delay in the time it takes the exchange to process the application under the new rules, the promoter can lose heavily if the market slips. The exchange has emphasized it will try to avoid unnecessary delays.

Because he is so often pressed for time, the promoter may short-circuit exchange regulations. Instead of waiting for the exchange's permission to purchase some of a company's shares from its treasury, he may sell short immediately, to take advantage of a rising market, and cover his position with the company stock when it is released by the company.

In addition to giving birth to such giants as International Nickel, the exchange also provides the spawning grounds for the Aconics and Burchell Lakes. Both types are financed by public money. In both cases the investor had a right to expect responsibility from those privileged to deal in securities.

Whether the new exchange regulations can prevent more Aconics—the stock fell from $11 to $1 in two hours one day — while combining both primary and secondary market functions is doubtful. It will remain doubtful if the exchange sticks merely to the letter of full true and plain disclosure.

The exchange, itself does not believe the new plan is a solution:

"It is not expected that this new plan . . . will provide a panacea for the ills that have become so apparent in the last year . . . . It is believed, however, that it will prove of material benefit and it is hoped that it will help solve the problem . . . it will provide one more measure for the protection of investors and in the interest of the public."

To make the exchange's new rules work well one more feature is needed. It is that all deals must be what the Ontario Securities Commission refers to as "conscionable transactions."

To make the new rules work, the exchange must take to heart the injunction of the Ontario Securities Commission. The exchange has long been accused of operating as an exclusive club interested primarily in the welfare of its members. It must show that it is operating in the public interest and that it does, in fact, account to the public.

TSE Trouble Spots

Brokerage firms and listed issues that ran afoul of the OSC and TSE in recent years.

Brokerage Firms

1953:

Picard and Fleming, member firm of TSE, licence cancelled by OSC for illegal, high-pressure stock selling. TSE subsequenty revoked membership.

1955:

Scarr, Tinkham and Co., Charles Scarr, member of TSE suspended. Company unable meet audit requirements (Midcon Oil and Gas). Firm now defunct.

Rittenhouse and Co. licence cancelled by OSC, subsequently membership revoked by TSE (Pontiac Petroleums Ltd.)

Savard and Hart. J. Ernest Savard, member, fined $10,000 by TSE.

1956:

Barrett, Seguin and Co. fined $1,000 by TSE for undisclosed dealings. (Midrim Mining).

E. T. Lynch and Co., S. J. Brooks and Co. each fined $500 for undisclosed dealings (Midrim Mining).

1957:

Doherty, Roadhouse and Co. D'Arcy M. Doherty membership suspended three months by TSE. (Aconic Mining Corp.)

Issues Delisted or Suspended

1954:

Pontiac Petroleums Ltd. Price fell from $3 to $1 in one day.

1956:

Morrison Brass Corp., industrial issue, trading suspended, pending investigation. No subsequent report.

Chatco Steel, industrial issue, suspended, following high-pressure selling in U.S. Company now bankrupt.

1957:

Desmont Mining Corp. Delisted, undisclosed underwriting.

Abbican Mines, suspended pending investigation. No further statement by TSE.

Great Sweet Grass Oils Ltd., suspended following U.S. Securities and Exchange Commission report of unethical practices.

Kroy Oils Ltd., suspended, same reason as Great Sweet Grass.

Aconic Mining Corp. suspended, criminal action now before courts.

Buffalo Canadian Gold Mines, suspended pending investigation. No further report.

El Pen-Rey Oil and Mines Ltd., suspended, pending investigation. No report.

Brilund Mines, suspended pending investigation. No report.

Burchell Lake Mines, suspended. No report.

Editorials

Bad Match

THE GREAT debate goes on about the worth of talks "at the summit" between the free and Communist worlds. There is no doubt that, under normal circumstances, such talks, particularly between the heads of the American and Russian states, could do much to ease international tensions. But the circumstances are not normal. At the head of the American state is a man who has been unable to resolve even the differences between his military advisers, differences that have come close to having a disastrous effect on U.S. defence; and who stubbornly clings to an adviser, John Foster Dulles, whose ineptitude has alienated ally after ally and pushed U.S. foreign policy into a blind alley.

Only the most bedazzled admirer of Mr. Eisenhower could look forward without trepidation to a meeting between him and Mr. Khrushchev. With Dulles beside him to confuse him even more, Mr. Eisenhower would be badly outmatched. Britain's Macmillan might even the odds a bit, but the meeting would still be full of risks—more risks than can be considered normal for even such a risky conference as this would be.

There is, however, a steadily growing pressure for some sort of summit meeting. Public opinion in the West as well as in the uncommitted nations may well force such a meeting. We can only hope and pray that when the time comes for it, the odds will be a little more in our favor than they are now.

The Origins of Sin

SIN HAS been taking quite a lambasting across Canada these past few weeks. If words were fatal, sin would now be deader than last year's TV comedian. Unfortunately, by any sort of rating, sin seems to be even more popular than westerns and bowling. At least, that is the judgment of the clergymen who have been doing all the talking and who should, of course, know what they are talking about.

In Ontario and British Columbia, Protestant clergymen have been even more vocal than usual in their attacks against such sinners as working mothers, liquor-guzzling fathers and people of that sort who are responsible for juvenile delinquency and other symptoms of moral decay in our society. At the same time, Roman Catholic dignitaries in Quebec have been delivering blistering denunciations of gambling dens, liquor, immoral women and obscene publications.

All this is as it should be, and makes church-going a great deal more interesting. We cannot help wonder, however, if the good men of the cloth are not concentrating too much on effect and too little on cause.

Prostitutes can be jailed and damned, but that does not stop prostitution; the prostitute is the result not the cause. The obscene publication exists because there are people who will pay money for filth. Why do these people seek sexual gratification in such ways? The clergyman can help explore this area of conduct, with more understanding and less dogma. Why do mothers go to work? To say that they want a new TV set or refrigerator is oversimplification.

It is easy to damn. To search for and dissect causes and motives is more difficult. And we are all too prone to take the easy way.

Mr. Pearson's Job

THE NEW LEADER of the Liberal party, Lester Pearson, has a formidable task. He must re-establish Liberalism as a national rather than a regional party, and he must wipe from the minds of Canadians the memory of the arrogance and Jehovah-complex of the old men who through long years of office drove the Liberal party to defeat in 1957.

It is a task for an astute politician as well as a wise statesman. Mr. Pearson has already proved himself to be the latter, but he has yet to demonstrate his purely political skill.

On the strength of what he showed at the leadership convention a couple of weeks ago, one must conclude that as a politician he has a great deal to learn. The mantle of Mackenzie King sat awry on him, although he showed flashes of the old master's supreme ability to say nothing in as many dull words as possible.

Just how difficult his job will be was demonstrated at that same convention. The arrogant men were all there, just as ham-handed and tough-minded as ever. They had obviously learned nothing from their defeat. Younger and more Liberal spirits were gagged or pushed aside. The performance was capped by the stupid and clumsy attempt to withhold information from the press for the sake of providing a spurious excitement for a television audience that was probably more interested in horse opera. Mr. Pearson must put these high and mighty men in their place if he hopes to lead a strong Liberal party along Liberal principles.

His opponent for the leadership, Paul Martin, emerged from the convention as the party's outstanding man, next to Mr. Pearson himself. And as far as the hopes of the new leader are concerned, that fact may very well be the most important one. Mr. Martin is a master of the art of politics, has shown an aptitude for statesmanship and brings to both a keen and subtle mind. He would not be inclined to let the Liberal party continue its drift to the right to an area already over-crowded with Conservatives. Moreover, he is a better parliamentarian than his new leader.

Mr. Pearson will need Mr. Martin's help, and he would do well to make sure of it. With it, he could revive Liberalism —its principles as well as its organization.

Sometime, a Flag

IF THE Secretary of State, Mrs. Ellen Fairclough, was speaking for the Federal Government when she made a speech in Windsor the other day, nothing is going to be done by the Conservatives about the national flag. She was quoted as saying that there are "many things that are now more important than choosing a design for a new Canadian flag". She had received 800 patterns, she said; and the Government has 2,600 samples and 40,000 suggestions.

Probably there are more important things that require immediate attention—unemployment, for instance. But that is no reason for dismissing the need for a national flag. A flag is an important symbol of nationality, and if we are to be a nation, a national entity, then we must have the symbol. The thousands of suggestions do not greatly matter; certainly they do not make an argument against the flag. The Government has probably received 40,000 suggestions about ways to provide more jobs, but this does not mean that the Government cannot do anything about unemployment.

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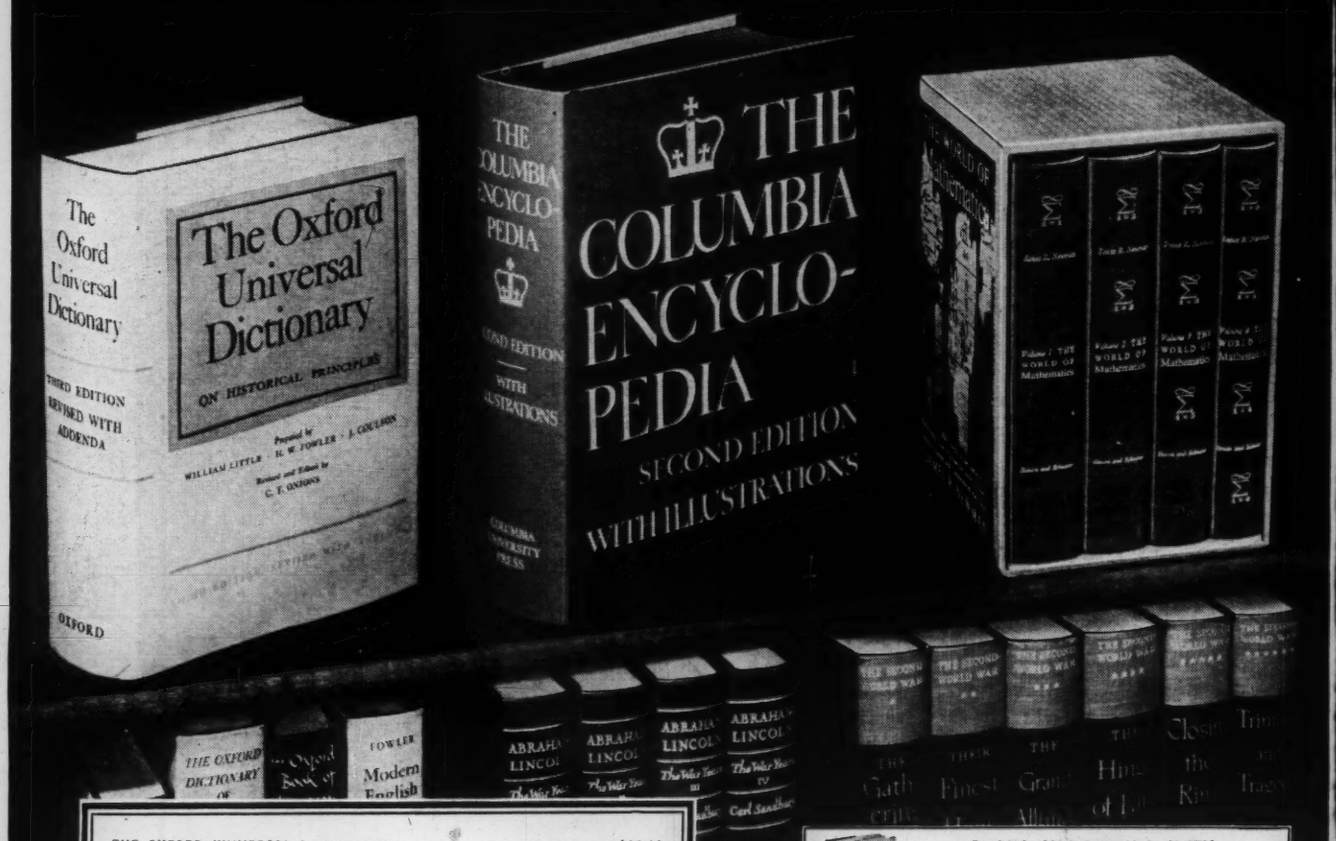

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